

October 17, 1940

The ANALYST

THIRTY-FIVE CENTS

Volume 56 Number 1448

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AUTUMN REVIEW and BUSINESS FORECAST

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

Statement of Condition, September 30, 1940

RESOURCES

CASH AND DUE FROM BANKS	\$1,440,939,577.81
U. S. GOVERNMENT OBLIGATIONS, DIRECT AND FULLY GUARANTEED	1,045,424,587.28
STATE AND MUNICIPAL SECURITIES	158,861,726.85
STOCK OF FEDERAL RESERVE BANK	6,016,200.00
OTHER SECURITIES	174,398,372.65
LOANS, DISCOUNTS AND BANKERS' ACCEPTANCES	625,579,472.59
BANKING HOUSES	32,494,257.80
OTHER REAL ESTATE	8,103,821.26
MORTGAGES	10,439,720.99
CUSTOMERS' ACCEPTANCE LIABILITY	9,614,347.62
OTHER ASSETS	11,117,675.61
	\$3,522,989,760.46

LIABILITIES

CAPITAL FUNDS:	
CAPITAL STOCK	\$100,270,000.00
SURPLUS	100,270,000.00
UNDIVIDED PROFITS	36,534,547.83
	\$ 237,074,547.83
RESERVE FOR CONTINGENCIES	14,331,365.48
RESERVE FOR TAXES, INTEREST, ETC.	2,166,275.80
DEPOSITS	3,251,341,946.91
ACCEPTANCES OUTSTANDING	10,788,799.13
LIABILITY AS ENDORSER ON ACCEPTANCES AND FOREIGN BILLS	133,265.66
OTHER LIABILITIES	7,153,559.65
	\$3,522,989,760.46

United States Government and other securities carried at
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REPORT OF CONDITION OF UNDERWRITERS TRUST COMPANY

of 37 Broadway, New York City, New York, at the close of business on October 2, 1940, published in accordance with a call made by the Superintendent of Banks pursuant to the provisions of the Banking Law of the State of New York.

ASSETS	
Loans and discounts (including \$17.94 overdrafts)	\$ 5,640,660.50
United States Government obligations, direct and guaranteed	2,274,066.18
Obligations of States and political subdivisions	3,896,715.35
Other bonds, notes, and debentures	114,136.09
Corporate stocks	45,631.88
Cash, balances with other banking institutions, including reserve balances, and cash items in process of collection	8,258,074.18
Banking premises owned, none; furniture and fixtures and vaults	1.00
Real estate owned other than banking premises	3,274.50
Other assets	63,213.72
TOTAL ASSETS	\$20,295,782.40
LIABILITIES	
Demand deposits of individuals, partnerships, and corporations	\$ 6,962,518.31
Time deposits of individuals, partnerships, and corporations	2,419,604.44
Deposits of United States Government (including postal savings)	508,779.96
Deposits of States and political subdivisions	7,474,517.37
Deposits of banking institutions	427,602.88
Other deposits (certified and officers' checks, etc.)	211,587.71
TOTAL DEPOSITS	\$18,104,610.87
Other liabilities	44,032.40
TOTAL LIABILITIES (not including subordinated obligations shown below)	\$18,148,643.07
CAPITAL ACCOUNT	
Capital	\$ 1,000,000.00
Surplus	250,000.00
Undivided profits	204,149.86
Reserves	192,989.47
TOTAL CAPITAL ACCOUNT	\$ 2,147,139.33
TOTAL LIABILITIES AND CAPITAL ACCOUNT	\$20,295,782.40

*This institution's capital consists of common stock with total par value of \$1,000,000.00.

MEMORANDA

Pledged assets (and securities loaned) (book value):	
U. S. Government obligations, direct and guaranteed, pledged to secure deposits and other liabilities	\$ 2,274,066.18
Other assets pledged to secure deposits and other liabilities (including notes and bills rediscounted and securities sold under repurchase agreement)	3,539,701.76
Assets pledged to qualify for exercise of fiduciary or corporate powers, and for purposes other than to secure liabilities	150,098.15
TOTAL	\$ 5,963,866.09
Secured and preferred liabilities:	
Deposits secured by pledged assets pursuant to requirements of law	\$ 4,908,424.83
Deposits preferred under provisions of law but not secured by pledge of assets	4,384,084.91
TOTAL	\$ 9,293,509.74

I, William D. Pike, Secretary of the above-named institution, hereby certify that the above statement
is true to the best of my knowledge and belief.

(Signed) WILLIAM D. PIKE

C. W. KORELL
SUMNER FORD
C. L. DOTY

Vol. 56
No. 1448

The ANNALIST
Reg. U. S. Pat. Off.

Oct. 17
1940

CONTENTS

The Business Outlook, by D. W. Ellsworth	491
Investment Outlook Somewhat Better Despite Presence of Some Very Real Dangers, by Emerson Wirt Axe	493
Majority of Automobile Manufacturers Expect Higher Sales in the Coming Year, by Burnham Finney	494
Industrial Output Higher, by S. L. Miller	498
Exports Higher Because of Heavy Munition Shipments, by Winthrop W. Case	500
National Government: Expansion in Business Believed Sure; Willkie's Chances, by Kendall K. Hoyt	502
Recent Abstracts	503
The Week in Commodities: Food and Textile Sections Show Marked Price Rises, by La Rue Applegate	504
Canada After a Year of War: The Military and Economic Situation, by S. L. Miller	507

Financial News of the Week	510
Dividends Declared	511
Bond Redemptions and Defaults	511
Business Statistics	512
Stocks and Bond Averages	514
Stocks—New York Stock Exchange	515
U. S. Government Securities	520
Bonds—New York Stock Exchange	521
New York Curb Exchange	523
Out-of-Town Markets	525
The Open Market	526
Banking Statistics	527

For actual markets in unlisted securities, with names of dealers, giving bid and asked
prices, see Open Market Section, Page 526

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THE NEW YORK TIMES INDEX

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A Journal of Finance, Commerce and Economics

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Vol. 56, No. 1448

New York, Thursday, October 17, 1940

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THE BUSINESS OUTLOOK

The logical expectation is that industrial production will continue to expand into 1941 as a result of the defense program. The increase may not be as rapid as anticipated in some quarters owing to the restraining influence of labor laws and regulations. Industries operating on thin profit margins, such as textiles, have thus far shown sluggish recovery from the early 1940 recession despite the defense orders they have received.

Some slight recovery is likely to be shown by the weekly business index for the week ended Oct. 12 as compared with the decline reported for the previous week. The index of automobile production declined, but the electric power and steel ingot production indices advanced, and freight car loadings, seasonally adjusted, are estimated to have remained about unchanged. Car loadings are running lower than in September because of the cessation of the coal-stocking movement, which resulted in the accumulation of the largest industrial stocks of bituminous coal in several years. The index of steel ingot production for the week ending Oct. 19 will show a further advance.

The extent of the forward-buying movement in some raw materials is evident in fragmentary but significant statistics. The American Metal Market some time ago reported that copper producers might not be able to deliver by the end of the year all of the copper sold for delivery in December. Unfilled orders for brass and bronze ingots and billets at the end of September were only 5 per cent lower than at the end of December, 1936, when they were the highest on record. Unfilled orders for Prime Western zinc at the end of last week were only 5 per cent lower than their mid-Summer 1937 peak. In both instances the 1939 peaks have now been exceeded by comfortable margins.

Among the heavy industries affected immediately or potentially by the defense program there has been no letdown in the increased activity in aircraft, shipbuilding, machine tools, engines and turbines and new construction. The president of the American Institute of Steel Construction said that new defense construction may reach two billion dollars. Demand

for railroad equipment in anticipation of heavier traffic continues active.

Among the consumers' goods industries the automobile industry is conspicuous for the way in which demand for new models had resulted in a rapid increase in sales through the first ten days of October prior to the opening of the New York show. Pontiac sales in the first ten days, for example, were 7,936 as compared with 9,026 in the peak period of the 1940 Spring selling season.

The recession in business activity that set in at the beginning of the third quarter was extremely mild and was quickly obliterated by the direct effects of heavy orders from Britain and by the indirect effects of the domestic defense program. The Annalist Index of Business Activity in September reached the highest level since August, 1937. Although the sharp increase from the August level was caused largely by an abnormally rapid increase in automobile production, the gain presumably represents accurately enough the quickening of economic activity which is now being universally recognized as the logical consequence of wartime demand.

It is true that the Federal Reserve index of industrial production increased only 2 points to 124 in September. But the recent revision of the Federal Reserve index has made it a somewhat more sluggish indicator than the old index. It is one of the ironies of statistics, moreover, that just at the time when the index was revised to give recognition to the greater importance of the consumers' goods industries in the national economy, the defense program again raised the heavy industries to a position of pre-eminent importance.

At the beginning of the quarter it seemed probable that this would be of no great importance, because it seemed likely

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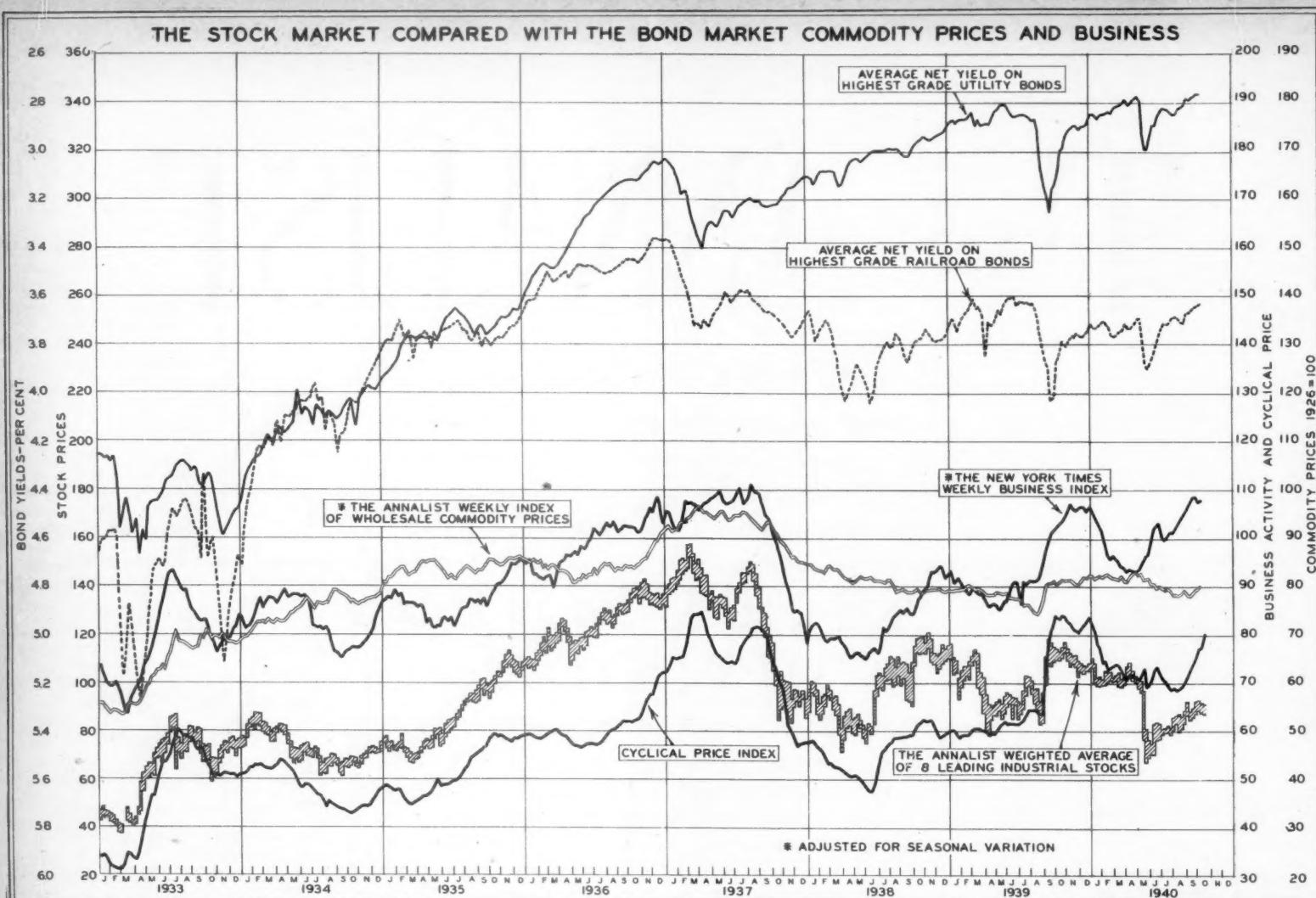
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that defense and war expenditures would soon bring about simultaneous expansion in all sorts of industries. This, indeed, is what has happened, but thus far it has happened only to a limited extent. The consumers' goods industries have shown recovery from the early 1940 recession, but the recovery has been much less pronounced than the recovery in the heavy industries. The accompanying table shows

PERCENTAGE OF THE 1939-40 RECESSION RECOVERED

(Based on seasonally adjusted figures)

Unfilled orders for brass and bronze ingots	162
Unfilled orders for prime Western zinc	114
Contract awards	111
Steel ingot production	104
Electric refrigerator sales	94
Prefabricated loadings	89
Rubber consumption	88
Pig iron production	86
Zinc shipments	85
Copper shipments	68
Lumber production	57
Cotton consumption	56
Wool consumption	42
Silk consumption	42
Cement production	30
Footwear production	30

for a representative list of industries the percentages of the 1939-40 recession which had been recovered through August or September, whichever was the higher.

The low percentages of recoveries in

some of these industries is surprising not only because factory payrolls have increased sharply, together with a recent marked rise in retail trade, but also because most, if not all, of the low-percentage industries have themselves been the recipients of heavy government contracts. It may be that their slowness to recover merely represents the customary lag in the consumers' goods industries, but on the other hand it raises the question whether certain handicaps to a rapid increase in production, such as the Fair Labor Standards Act, are not impinging seriously on some of them. It is well known that many companies in the textile industries work on narrow profit margins, which are probably even narrower on government contracts. There will be further increases in costs when the forty-hour limitation goes into effect. It is probable that productive capacity is being diminished by it and similar laws and regulations. It is a factor to be taken into account in estimating the rapidity with which industrial production is likely to increase.

Otherwise there seems to be no good reason for believing that expectations of a further rise in business activity throughout the rest of 1940 and well into 1941 will be falsified. If, however, as expected by some Washington economists, the Federal Reserve index of industrial production gets up to 150 in 1941 and stays that high for any length of time, we can be pretty sure that the next depression, whenever it comes, will be a bad one.

The key to the immediate outlook is commodity prices, which are advancing despite efforts to talk them down. Rubber, silk, wool, hides and lead are among the raw materials that have advanced sharply. Some of these advances have been caused by the Far Eastern situation, but it is to be doubted that that is the cause of all of

Week ended	Freight-Car Loadings			Steel Mill Prod.	Electric Power Prod.	Auto Prod.	Lumber Prod.	Cotton Mill Prod.	Comb. Business Activity Index	Cyclical Price Index
	Misc.	Other.	Total.							
Oct. 7	85.5	100.6	90.0	129.4	101.8	126.4	79.2	133.0	102.3	83.9
Oct. 14	85.2	103.5	90.6	129.0	103.4	115.5	72.8	133.5	102.9	83.3
Oct. 21	90.1	104.9	94.5	136.4	101.3	98.6	82.2	133.0	103.3	84.4
1940										
Sept. 21	84.3	99.6	88.8	141.2	106.7	199.0	88.1	137.5	108.5	74.3
Sept. 28	83.3	100.6	88.2	138.8	107.5	201.9	87.4	135.2	106.7	75.7
Oct. 5	85.9	93.8	88.2	137.7	105.4	201.2	84.2	138.8	107.3	77.1
Oct. 12	88.3	138.0	107.1	181.2	142.9	107.9	88.3	138.8	107.9	77.3
Oct. 19	88.3	141.4	107.1	181.2	142.9	107.9	88.3	138.8	107.9	77.3

*Estimated. **Revised. \$Computed as of Wednesday.

them. Commodities subject to keen competition among buyers and sellers have in general advanced more sharply than commodities the prices of which are set by leading producers. That is because the leading producers have thought it wise not to advance prices in spite of near-record-breaking demand. It consequently appears that it is the so-called "administered" prices, concerning which leading New Dealers complained bitterly at the TNEC hearings, which have made it possible to keep prices from rising too rapidly.

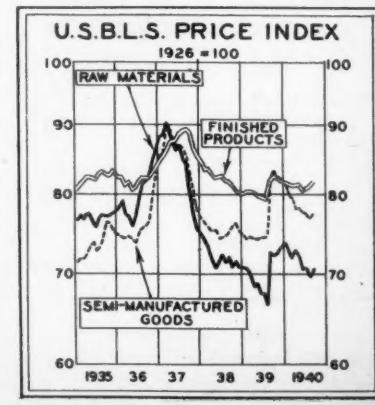
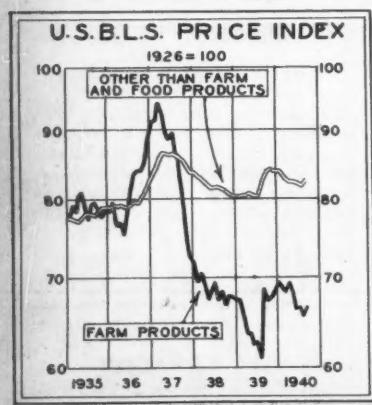
It is this circumstance also which may account for the rather unusual commodity price situation today. Until the last few weeks the prices of raw materials and semi-manufactured goods have been sluggish in the face of exceptionally active demand. If, moreover, the rise of the last few weeks, and more particularly of the last few days, is the beginning of a cyclical upward movement in commodity prices, it will have been the first time on record that such a movement has been initiated by an upturn in finished-goods prices.

One of the best indications that some kind of a cyclical rise in commodity prices is imminent is the warnings that are being uttered concerning the danger of such a rise. William S. Knudsen, for example, said Monday that he was afraid of "spiralizing" of any kind and warned of the dangers of rising commodity prices. This and similar warnings are of course uttered with the best intentions, but it is to be suspected that one of the main results will be to advertise the probability of

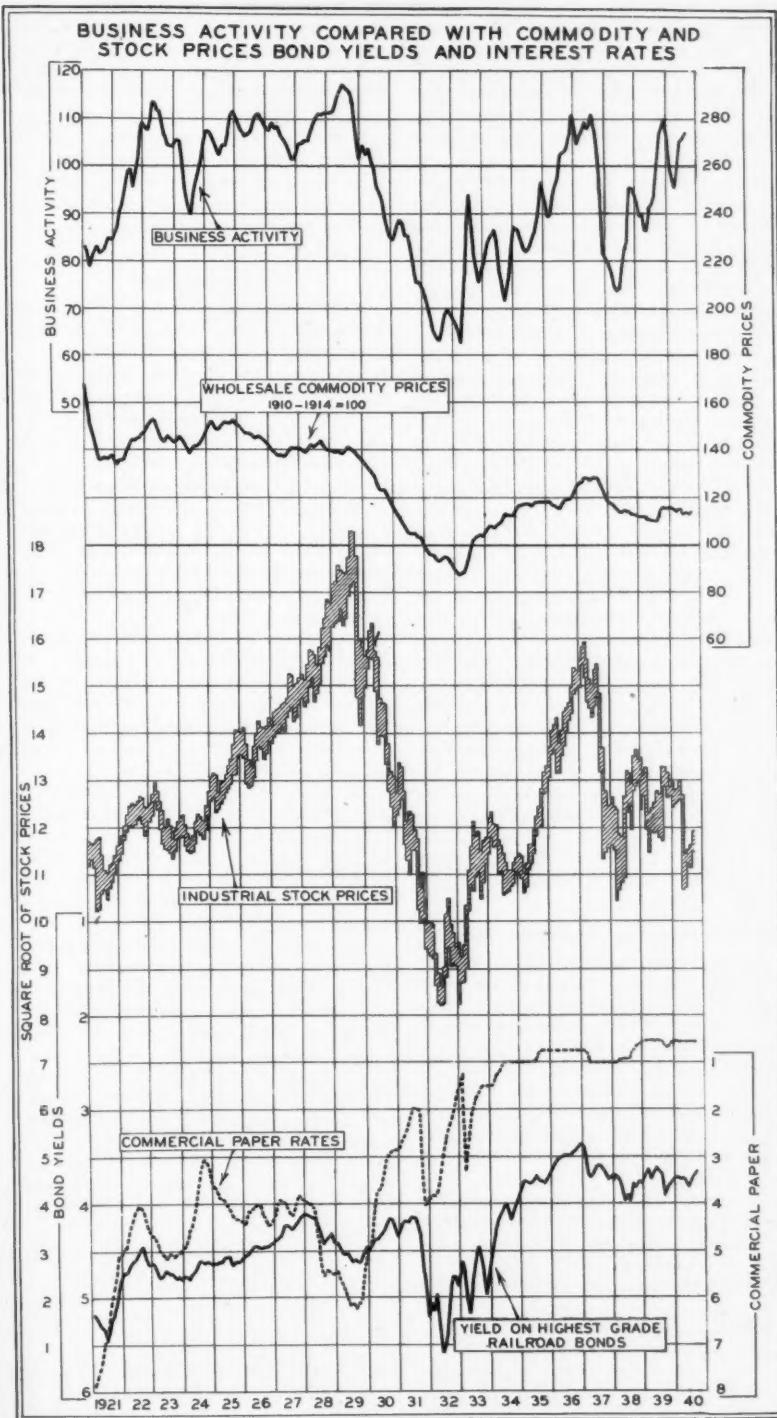
higher prices and intensify the present forward-buying movement, thus helping to bring about the very situation that is being feared.

If labor laws and restrictions were less drastic there would be less danger of a rise in commodity prices, because the productive capacity of the country would then be great enough to discourage price increases. There are also important restraining influences in some commodities, such as the almost complete lack of foreign demand for American cotton. But if commodity prices generally rise there will probably be an attempt at price-fixing, despite the evils which followed similar attempts in the World War, as reported in 1918 by the chairman of the Federal Trade Commission.

D. W. ELLSWORTH.



Investment Outlook Somewhat Better Despite Presence Of Some Very Real Dangers



By EMERSON WIRT AXE

THE investment outlook has improved to some extent during the past quarter but the financial markets still face very real dangers. Business and financial factors are still favorable, but the European situation, although less critical than it appeared three months ago, is still serious. The excess profits tax is a complicating factor and calls for a reappraisal of the investment value of many securities. In spite of the unusual strength of the economic factors the course of security prices over the next several quarters seems likely to depend to an important extent upon non-economic influences.

In this article we shall review briefly the changes during the past quarter and

the present position of European conditions, as they affect the financial markets, and shall examine the rather surprising discrepancy between New York and London stock prices over this period. We shall then review the business and financial situation and the question of taxes.

Europe

On July 18, when we last reviewed the outlook, the German Army had apparently completed its preparations for a large-scale attack on England and in the minds of most investors the chance of a successful invasion was very far from negligible. Today that chance is much smaller. The best season of the year has

passed. Results of air fighting over England have been definitely favorable to the defense—so much so in fact that the number of aircraft sent over in daylight has apparently been greatly reduced and the emphasis shifted to night bombing. Although no authoritative account has been published, reports from unofficial sources indicate that one or more attempts to land troops in England have been made and successfully defeated. British raids on German bases, communications and manufacturing plants have increased in scope and intensity. So, although the danger of an invasion of England cannot be said to have passed away entirely, it deserves a much lower probability rating.

Unfortunately this does not mean that the financial market importance of the European war has been correspondingly reduced. The failure of the attack on England will probably result in more active operations in other localities. Although the stakes at hazard in these new theatres are less than those involved in the attack on Britain, any new war development is disturbing. American investors have become particularly nervous.

One of the most curious features of the financial market history of the past several months has been the fact that the American markets have been much more shaken by the German air raids than has the London market itself. New York stock prices have at times declined upon reports of British reverses at the same time that the London market was advancing. The accompanying table shows the April highs, June lows, current level and percentage of the decline recovered in The London Financial Times industrial index, a number of leading stocks and THE ANNALIST average of ninety-seven stocks.

It will be seen that the English market has actually recovered a greater percentage of its decline than has our own.

This discrepancy in the behavior of the two markets has developed since the middle of July. In April the London market was weaker than our own and that weakness was increased in the week preceding the start of the German attack on the Low Countries on May 10. The London

Continued on Page 506

London vs. New York Stock Prices

	April, 1940.	June, 1940.	Price, 10/9/40.	P. C. of Decline Recovered.
London Financial Times Industrial Index	96.2	61.1	82.0	59.5
Annalist Average of 97 Stocks	50.4	34.2	40.9	41.4
Associated Electrical Industries	40s 4/4d	26s 3d	35s 3d	63.7
Dunlop	38	20 6	30	54.3
Electrical and Musical Industries	9 3	4 9	8 3	77.8
General Electric	80 4/4s	53 9	70	61.0
Imperial Chemical	32 9	18 1/2	27 3	62.4
Imperial Tobacco	118 9	68 9	100 7/8	63.8
Rolls-Royce	91 10/4	48 9	73 9/8	58.0
United Steel	23 7/2	12	18 7/8	57.0
Vickers	18 4/2	9 7/8	13 10/4	48.6
Woolworth	65	39	57 3	70.2

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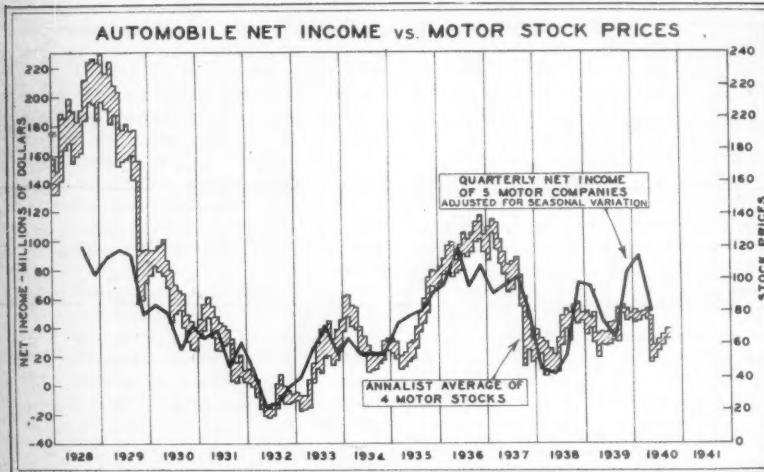
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Majority of Automobile Manufacturers Expect Higher Sales in the Coming Year



By BURNHAM FINNEY
Editor, American Machinist

NEVER has the automobile industry gone into a more promising Fall season. With the New York show off to a good start, car manufacturers are figuring on producing more cars than in any previous fourth quarter. That means that they expect to sell a whopping volume of cars before the end of the year.

Thus the 1941 model year is assured of an auspicious beginning. Assemblies in the final quarter of this year are estimated at 1,300,000 units, raising the total production for the calendar year 1940 to around 4,400,000 units. That compares with 3,732,718 units during 1939 and is the best showing since 1937. This impressive record for the remainder of this year, it might be said, will be made in the face of the fact that in both 1938 and 1939 December was the biggest production month of the entire year.

Dealers' Stocks Low

New car stocks in dealers' hands are at a low ebb. Not in several years has the number per dealer been so small at the start of a new model season. There is no distress merchandise on a national scale. Under the circumstances retail sales of new cars should be brisk. It will take at least a full month's assemblies merely to stock dealers. With industrial employment at the 1929 level or better, and the armament program expected to intensify operations, a rich market is open to the industry. Invariably when factory workers are busy, car demand, both new and used, is excellent. That point has been borne out in recent months when, contrary to expectations, sales resisted the usual seasonal downswing.

All of this sounds as if the automobile industry has no pressing problems. It might be an indication that car makers are headed toward another five-million-car year in 1941, a mark achieved only twice (1929 and 1937) in history. But it would be considerably overstating the case to predict any such peak figure. For the truth is that automotive executives haven't the slightest conception of what may happen to their business by next Spring. There are too many uncertain factors.

Will Defense Interfere?

If the war should continue and the United States armament program go ahead as planned, much of the money paid out for wages will be spent for automobiles. That is, the predictions of Chevrolet and Ford that each will build and

sell 1,100,000 units stand a good chance of being realized. But there is one catch. Will the armament program interfere with normal automobile manufacturing? Undoubtedly the industry will be able to handle its important role in defense and still have plenty of capacity for motor cars. But will it be able to get all the steel and other materials for making automobiles in sufficient volume?

At the moment it appears that armament production will not get under way fast enough to prevent automobile makers from getting needed materials during the entire 1941 season. The threat will hang over the heads of the industry, however, that they may be forced to restrict their operations not for want of customers but for lack of materials. Labor, semi-skilled as well as skilled, will not be so easy to get as in recent years, and supervisory help too will be scarce. In fact, some automobile companies today are more worried about an adequate supply of foremen than of machine or assembly line operators.

Higher Costs Probable

Labor costs are bound to rise, in the view of the industry. Detroit is well on its way to the biggest boom in history, what with a healthy automobile market

ahead and munitions manufacture on the biggest scale anywhere in the country. Talk about the coming "silk shirt era" for labor is heard constantly in the motor capital. Higher labor and materials prices appear inevitable, the main hope being that they will be modest in size. That is why a tendency toward slightly higher prices for 1941 cars is discernible. But any increases are so small that they should not cause alarm on the part of car buyers.

Even should it seem that curtailment of manufacture might be necessary next Spring for any reason, car makers are not in the mood to do much gambling by building up important stocks of parts and sub-assemblies. The industry has had too many sad experiences with trying to force new cars on dealers to let field stocks get too high. It is impractical, and almost physically impossible, for factories to store car bodies in large quantities because of their bulk. There would be little sense in accumulating unbalanced inventories of various parts. Above everything else, car executives know the fickleness of the public and realize that some unforeseen development in the political, economic and military world might easily instill in people a fear of the future which overnight would cut down drastically the retail sales of automobiles. While the green light looms ahead for the industry, management is half-expectant that the amber light may flash any minute.

As the new season opens, the tasks confronting individual manufacturers become clear. General Motors, feeling exuberant after having secured 46 per cent of all passenger car sales the past year, has the task of holding or bettering its position. There is talk here and there that the corporation will be well satisfied if its percentage of the total business is pegged at last year's level.

Chrysler and Ford vs. General Motors

Chrysler and Ford are ready to conduct unusually vigorous drives to regain some or all of the ground recently lost to General Motors. It should be remembered that Chrysler's proportion of the industry's business was adversely affected during the 1940 model year by its prolonged strike of a year ago. Its dealers didn't have cars to sell for weeks, and the corporation never quite regained the lost momentum.

It is no secret that Chrysler believes it has a jump saleswise on its competitors by offering in 1941 the fluid-drive trans-

mission in all lines except Plymouth. The Chrysler car which relatively made the poorest sales showing the past twelve months was Dodge. Both Pontiac and Buick forged ahead at its expense. Now Dodge has the fluid drive, a form of automatic transmission, and neither Pontiac nor Buick has a comparable development. The hydraulic transmission of Oldsmobile will be presented for another year by that General Motors division alone. What Pontiac and Buick will rely on to maintain the extraordinary positions which they won last year is a lot of automobile for the money, plus the popular torpedo-type body.

Sales Strategy

As new lines are revealed to the public the industry's sales strategy for the 1941 season unfolds. Mechanical changes worth talking about are few. Car styling offers no radical innovations. There is nothing so distinctively new as the Chrysler Airflow and Lincoln-Zephyr of several years ago. Much money has been spent on new sheet metal designs for bodies and front ends, but the novelty of sweeping changes is absent. Under the circumstances car makers are taking refuge in such sales appeals as greater comfort, ease of operation, fuel economy coupled with increased engine power, more luxury, smarter appearance and longer life. Safety is stressed. Two-tone cars are appearing in larger numbers. The "two-tone" effect applies to both exteriors and interiors. The new vogue calls for the main body in one color and the superstructure above the belt line in another shade of the same color or a harmonizing color. Similarly, interiors are not of uniform color throughout, but more often show harmonizing tints of fabrics in different areas or on different levels. This trend should meet with unbounded approval of women motorists.

Body lines are cleaner, involving fewer breaks in contours. "Speed lines" are finding wider use to give the impression of greater fleetness. Some bodies are actually longer and roomier. Leg and elbow room is increased without sacrificing head room. Luggage compartments of greater capacity are provided. Running boards are mostly absent, though still optional on some lines. They are continued at or near the floor level, but are completely hidden when the doors are closed. Doors are wider, and nearly all have concealed

Continued on Page 496

New Passenger Car Registrations by Makes

(In percentages of total registrations)

	Jan.-Aug.	1939.	1938.	1937.	1936.	1935.	1934.	1933.	1932.	1931.	1930.	1929.	1928.	1927.	1926.	
General Motors:	1940.	25.2	22.6	24.6	22.0	27.3	23.9	28.3	31.6	29.4	30.6	23.6	20.1	24.5	24.7	15.1
Chevrolet		25.2	22.6	24.6	22.0	27.3	23.9	28.3	31.6	29.4	30.6	23.6	20.1	24.5	24.7	15.1
Buick		8.0	8.3	8.8	5.9	4.7	3.2	3.3	2.9	4.5	4.8	4.7	4.4	6.2	8.9	7.1
Pontiac		6.5	6.0	5.2	6.1	5.0	5.1	3.8	5.7	4.4	4.5	3.4	4.9	7.0	6.0	3.1
Oldsmobile		5.6	5.5	4.9	5.4	5.2	5.4	3.8	2.4	2.2	2.5	1.9	2.4	2.3	1.8	1.5
La Salle		0.6	0.8	0.8	0.4	0.4	0.3	0.2	0.4	0.4	0.4	0.4	0.5	0.6	0.4	0.4
Cadillac		0.3	0.5	0.6	0.3	0.3	0.2	0.3	0.3	0.6	0.6	0.6	0.4	0.6	0.7	0.8
Total	46.3	43.7	44.8	40.6	43.1	38.4	39.8	43.3	41.5	43.3	34.5	32.7	41.3	42.5	27.6	
Ford:	1940.	16.5	13.1	19.2	22.0	22.0	30.1	28.1	20.8	23.6	27.7	40.2	33.8	15.4	15.0	35.3
Ford		16.5	13.1	19.2	22.0	22.0	30.1	28.1	20.8	23.6	27.7	40.2	33.8	15.4	15.0	35.3
Mercury		2.5	2.5	0.4	0.4	0.5	0.5	0.1	0.1	0.3	0.2	0.1	0.2	0.2	0.2	0.2
Lincoln		0.6	0.8	0.9	0.7	0.5	0.1	0.1	0.1	0.3	0.2	0.1	0.2	0.2	0.2	0.2
Total	19.6	21.4	20.5	22.7	22.4	30.2	28.2	21.0	23.9	27.9	40.3	33.9	15.5	15.3	35.6	
Chrysler:	1940.	13.0	13.1	15.1	13.3	14.7	14.0	16.0	16.7	10.2	4.9	2.2	0.9	...	...	...
Plymouth		13.0	13.1	15.1	13.3	14.7	14.0	16.0	16.7	10.2	4.9	2.2	0.9	...	...	...
Dodge		6.3	6.6	5.5	7.3	7.3	6.5	4.8	5.8	2.6	2.8	2.4	3.0	4.7	4.7	6.7
Chrysler		3.0	2.4	2.4	2.6	1.7	1.5	1.5	1.9	2.4	2.8	2.3	2.2	4.6	5.9	4.0
De Soto		2.2	2.0	1.9	2.1	1.3	1.0	0.6	1.4	2.3	1.5	1.3	1.5	0.5	...	...
Total	24.4	24.2	25.0	25.4	25.0	22.9	22.9	25.8	17.5	12.0	8.6	8.9	10.7	10.6	10.7	
All others:	1940.	2.9	3.2	2.2	2.0	2.0	1.4	2.2	2.4	3.8	2.4	2.4	3.6	3.6	2.6	2.6
Studebaker		2.2	2.4	2.2	2.8	2.9	2.7	3.2	2.6	3.4	3.2	3.6	6.5	7.2	8.6	6.2
Hudson		2.1	2.3	2.6	2.7	2.0	1.4	0.3	0.6	1.0	0.9	1.1	1.1	1.2	0.9	0.9
Packard		1.8	2.0	1.7	2.0	1.2	1.3	1.3	1.8	2.1	2.1	2.7	2.7	4.2	3.6	3.6
Nash		0.6	0.6	0.7	1.5	0.4	0.4	0.3	1.0	2.4	2.7	2.5	5.1	7.5	5.5	4.3
Willys		0.1	0.2	0.4	0.5	0.6	0.7	0.7	1.2	1.0	1.1	1.6	1.9	0.7	0.9	0.9
Graham		0.1	0.1	0.2	0.4	0.5	0.6	0.7	1.2	1.0	1.1	1.6	1.9	1.3	1.2	1.2
Hupmobile		0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.5	1.0	0.9	0.9	1.1	1.8	1.3	1.2
Miscellaneous		0.1	0.1	0.1	0.1	0.4	0.4	0.7	1.4	2.6	3.7	3.1	4.0	5.4	6.5	6.2
Total	9.8	10.8	9.7	11.3	9.4	8.5	9.1	9.9	17.2	16.7	16.6	24.5	32.5	31.6	26.1	
Total G. M., Ford and Chrysler	1940.	90.2	89.2	90.3	88.7	90.6	91.5	90.9	90.1	82.8	83.3	83.4	75.5	67.5	68.4	73.9
Grand total	1940.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

OCT 17

An ANNOUNCEMENT

GENERAL MOTORS

recognizes the present emergency. It realizes its duty to the nation to advance in every way within its power the program of National Defense. It has already assumed most important obligations. But in addition General Motors believes that industry today has a second responsibility—one of vital consequence. American defense demands first call on those products of industry, both as to scope and volume, which are essential to protecting the nation against aggression. It also demands, even though the fact be less generally recognized, a sound and virile economy. One is the complement of the other. A sound economy is essential to the objectives of the defense program.

In line with its conception of this dual responsibility, General Motors presents at this time its 1941 offerings of motor cars. It has combined with the important responsibilities it has assumed under the defense program its normal responsibilities incident to our peacetime economy. The new line of motor cars is now on display before the critical judgment of the public at the Automobile Shows and in General Motors dealer showrooms in every community throughout the land.

It has always been the policy of General Motors to build into its products the greatest possible measure of value. It has created an engineering group which, from the very beginning of the industry, has made far-reaching contributions to technical progress. It has contributed importantly to the motor car's becoming the serviceable mechanism of today. From the electric self-starter in the early days down through the years, one engineering achievement has followed another. And in great variety: tilt-beam headlights, Duco lacquer finishes, crankcase ventilation, syncro-mesh transmission, Fisher No Draft Ventilation, Knee-Action wheels, Turret Top, automatic transmissions and steering column gearshift.

But that is not all! General Motors

technicians have demonstrated their versatility by developing such engineering products as the Diesel locomotive, destined to revolutionize transportation by rail. The Allison engine—an outstanding development in aviation engine practice and now coming into mass production—is making a contribution to one highly technical phase of the problem of National Defense. And in an allied field, tetra-ethyl lead as a component of gasoline has revolutionized the relationship of the fuel to the engine, producing more power with less weight and with greater efficiency. As a result, not an airplane leaves the ground today without in effect reflecting tribute to the technical capacity of General Motors. We are proud of this record of accomplishment. It is the accumulated experience of such an engineering group that has been built into the General Motors 1941 models.

In the different lines of motor cars comprising the General Motors offerings, there will be found countless refinements and innovations—some in some cars, some in others, but reflected to an important degree in all:

A technical improvement of importance is a new fuel system—Compound Carburetion. It is an innovation in motor car engineering practice. To the regular carburetion system is added a second, or supplemental, carburetor which can come into action when the driver requires additional performance. In effect, but not in principle, it is like the supercharger. The engineering benefits resulting from this achievement take the form of added performance and increased fuel economy. This is exemplified in Buick.

A safety feature worthy of note, based upon the Unisteel Turret Top body introduced by General Motors some years ago, consists of all doors being swung from the front. Thus they open against the windstream of a car in motion. This tends to eliminate the hazard of doors swinging open if accidentally unlatched. The same feature provides greater convenience for front and rear door passengers alighting from the car at the same time.



A year ago General Motors announced a new mechanism to connect the axle with the engine—the Hydra-Matic drive. You simply steer! The clutch is entirely eliminated. That is a most important feature. The changes in gear ratio or speeds are automatic. This device is designed to take the transmission out of driving technique. And it does! This has been exemplified in Oldsmobile. The outstanding acceptance of this Hydra-Matic drive as evidenced by the testimony of many thousands of enthusiastic users has had a stimulating effect in accelerating the industry's progress in this important field. Thus is progress broadened. In a more highly refined and somewhat simplified form the Hydra-Matic drive will be continued in the 1941 line. You certainly will be intrigued when you see and try this interesting mechanism.

But the modern motor car has become more than something in which to go from place to place. For many it is something to live with. Hence more comfort, more luxury of appointment and increased roominess characterize the new designs. General Motors 1941 cars are larger. The seats are wider. Thus there is more room for both passengers and baggage. The concealment of running boards inside the body is another innovation. The appointments are more luxurious. These should be important considerations in determining the motor car you will drive in 1941.

Nor is that all! The "Torpedo" type—the body sensation of 1940—has been continued with even greater appeal. And there has been added another body creation—the aerodynamic type. Everyone should see and try it!

General Motors hopes that when you have seen and become acquainted with these 1941 motor cars you will be as enthusiastic about them as we are. And that you will get as great a thrill out of their interesting features, their performance, attractiveness, serviceability and utility as we have in their creation and in presenting them to you at this time.

Alfred P. Sloan Jr.
Chairman
GENERAL MOTORS CORPORATION



Continued from Page 494

hinges. External door handles are nearly flush; in some cases they are recessed into stainless steel moldings which make them less prominent.

Some transmissions are new. The majority of makers continue to offer cars with plate clutches, with the fluid type optional. Overdrives are available on numerous models. In certain instances new models are equipped with independent front suspensions. The new low-price Nash has coil spring suspensions both front and rear, the details of construction being rather new in this country.

Manufacturers declare that while prices have been upped a bit, some "extras" from last year are now included as standard equipment. Customers will be getting just as much or more car for their money.

So long as a rich market presents itself, automobile executives know it is unnecessary to introduce radical developments. They know from experience that it is unwise to try to swing the public into line for new features too rapidly. Remember free wheeling? It disappeared about as fast as it swept the country. The trend toward automatic transmission, toward elimination of running boards and toward many other innovations has been slow and car makers have not tried to hurry it along too fast.

Some Individual Innovations

Ford, Mercury and Lincoln lines have been broadened. Styling changes of the de luxe and super de luxe Ford Y-eights are the most pronounced in years. Both Fords and Mercuries are longer and roomier. Dearborn is mum about a possible six-cylinder car. If it seems advisable later in the 1941 season, such a car may be introduced. Henry Ford is the only man in the Ford organization to make a decision so important as the manufacturer

of a complete new car, and apparently he has not made up his mind.

Pontiac and Oldsmobile will do almost the same in general policy. Both will offer three models on two wheelbases with optional use of a six or eight cylinder engine in any model or wheelbase. Cadillac is taking a leaf from the sales book of several other companies and is eliminating the La Salle in favor of a lower-price Cadillac with a base price of \$1,345. The price of Cadillac's Series 62 is to be lowered to \$1,420. This constitutes Cadillac's bid for a share of the medium-price market, which has been exceptionally good the past year. There is no reason to doubt that Cadillac, with its name standing for a car of superior quality, should be completely eliminated from the market.

As to the prospects for the model year, the effect of the draft on young single men will not be helpful to car buying. Men between 21 and 30, especially those who are unattached, have always been an active outlet for used car sales. Their being called into service, or the threat that they may be called, will act as a brake on sales. Finance companies will be cautious about letting them take cars on the installment plan. It is easy, on the other hand, to distort the influence of this class of buyer. Actually, sales won't be seriously set back even if this group should be completely eliminated from the market.

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opinions within the industry are varied. With the calendar year 1940 showing a production of about 4,400,000 cars and trucks (United States and Canada), as previously mentioned, it seems unlikely that 1941 will exceed that figure by any appreciable amount. The truth is that the industry isn't eager for a five-million-car year. It knows all the grief that immediately follows a peak year. Replacement sales normally would take 3,000,000 to 3,500,000 cars annually. When sales and production shoot up to a mark way beyond normal, they then drop farther down as a result. Both 1929 and 1937, the two high marks, were followed by thuds in production which temporarily knocked the industry off its feet.

One tradition which some automotive executives can't shake off is the belief in the three-year cycle. Starting with the World War and continuing straight through the Twenties, the industry had two good years followed by one bad year. Each third year that business declined a different factor was responsible. Nevertheless, the three-year rotation was not interrupted until the depression days of the Thirties. From 1933 on, assemblies rose each year until they passed five million cars in 1937. In 1938 production was almost halved as compared with the previous year. Business has been fairly good in 1939 and 1940; hence the tradition-holders in the industry feel that the three-year cycle may begin to operate again during 1941. If so, that would mean a tapering from this year's activities.

That is the long-nosed view of the situation which is held by a minority in the industry. If automobile sales were headed for a toboggan, you can safely bet that automobile sales managers would not be setting their sights so high, new model assemblies would not be off to such a tremendous and record-breaking start, and that such big advertising and promotional campaigns would not be the order of the day.

The Used-Car Problem

The complaint of dealers that Fall introductions of new models result in an excessive accumulation of used cars (due to the initial sales spurt with its inevitable trade-ins) which must be carried through the Winter is not so valid as it used to be, say the factories. When Fall announcements first were tried they were scheduled for November. Year by year the show dates have been moved forward so that this year the New York show began as early as Oct. 12. That gives dealers a solid two months of selling, in most parts of the country, before bad weather arrives. One car maker contends that if dealers will maintain accurate figures

New Commercial Car Registrations by Makes

(In percentages of total registrations)

	Jan.-Aug., 1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926
General Motors:															
Chevrolet	33.9	34.8	32.7	29.7	32.4	32.7	39.0	40.6	33.7	31.7	28.8	30.5	39.2	34.3	14.3
G. M. C.	7.5	7.2	5.5	7.0	4.4	2.2	2.6	2.7	3.5	2.2	2.2	2.7	5.2	2.2	0.7
Total	41.4	42.0	38.2	36.7	37.8	35.0	41.6	43.3	37.2	33.9	31.0	33.2	44.4	36.5	15.0
Ford	27.6	26.5	27.6	30.6	29.0	36.4	31.8	25.4	37.1	44.2	48.0	42.4	19.1	32.6	51.9
International	13.3	13.6	15.3	12.3	11.8	10.5	7.8	10.8	8.7	6.7	5.8	6.0	7.7	5.4	3.6
Chrysler:															
Dodge	10.0	9.9	9.2	10.4	13.9	12.0	11.9	11.4	4.8	4.3	3.8	5.4	10.7	12.9	12.6
Plymouth	1.8	1.7	1.8	2.2	0.4	0.1	...	...	...	...	...	...	...	...	...
Total	11.8	11.6	11.0	12.6	14.3	12.2	12.0	11.4	4.8	4.3	3.8	5.4	10.7	12.9	12.6
All others:															
Mack	1.2	1.4	1.2	0.9	0.7	0.3	0.5	0.7	0.8	0.9	1.2	1.3	2.0	2.1	2.2
White	1.1	1.0	1.1	1.2	1.2	0.8	1.2	1.1	1.7	0.8	1.1	1.2	1.8	2.3	2.3
Diamond T	1.1	1.1	1.2	1.3	1.4	1.3	1.3	1.7	1.2	0.8	0.7	0.7	0.7	0.6	0.4
Willys	0.4	0.3	0.5	0.2	0.4	0.4	0.4	0.1	0.1	0.6	1.0	1.2	0.7	0.7	...
Dodge	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.1	0.1	0.1	0.1	0.1	...
Federal	0.3	0.4	0.4	0.4	0.5	0.4	0.5	0.6	0.6	0.5	0.5	0.5	0.9	1.2	1.4
Autocar	0.3	0.4	0.4	0.4	0.2	0.2	0.3	0.5	0.6	0.6	0.5	0.6	0.7	0.6	0.7
Brockway	0.3	0.4	0.4	0.3	0.3	0.2	0.3	0.4	0.4	0.5	0.5	0.9	0.9	0.7	0.5
Studebaker	0.2	0.4	0.5	0.8	0.5	0.4	0.4	1.0	1.3	1.1	0.4	0.3	0.4	...	...
Hudson	0.1	0.1	0.2	0.8	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	...
Reo	0.1	0.2	0.8	0.7	0.7	1.0	1.2	1.2	1.8	1.6	1.6	2.4	4.8	3.2	3.5
Sterling	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.3	0.3	0.2	0.2
Stewart	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.3	0.5	0.4	0.6	0.4	0.6	0.5	0.3
Miscellaneous	0.3	0.2	0.7	0.5	0.7	0.6	0.8	1.5	2.6	2.5	2.5	3.2	4.5	1.3	5.4
Total	5.9	6.3	7.9	7.8	7.1	5.9	6.8	9.1	12.2	10.9	11.4	13.0	18.1	12.6	16.9
Total G. M., Ford, Int'l. and Chrysler	94.1	93.7	92.1	92.2	92.9	94.1	93.2	90.9	87.8	89.1	88.6	87.0	81.9	87.4	83.1
Grand total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

^aIncludes Indiana from 1932 to date. ^bIncludes Indiana.

OCT 17

they will find that, on the average, they carry over until Spring only 15 per cent of the used cars traded in on new cars during the Fall.

Fall introductions have been of definite value to the industry in stabilizing production and employment. In 1939, for example, there were eight months during which production per month ranged between 300,000 and 400,000 cars. Companies are able to build stocks of parts and subassemblies ahead during the Winter months, spreading out the volume of parts manufacture more evenly over the model year. The tooling period for new models, when plants are shut down, now comes in the Summer, when employees can best afford to be idle.

What About 1942?

To say that car makers have entirely given up the thought of making usual changes for 1942 models, to be presented a year from now, is erroneous. Design and styling departments of automobile companies today are running many hours overtime in a feverish effort to get 1942 cars off the boards as quickly as possible. If it seems next Spring that the defense program will not interfere with tooling for new cars, the blueprints will all be ready. The fact must be admitted, however, that the prospects are high for 1941 models being continued virtually without change through 1942. It will be next to impossible for the automobile industry to secure deliveries of machine tools necessary for any major alterations, since all the available machine tools will be going to defense projects. Fortunately, car manufacturers' plants are in reasonably good shape to make cars in volume for some time with the plant equipment now installed.

Always realistic, automobile executives enter the new season with optimism tinged with caution. They recognize factors in the situation hard to appraise which can seriously affect their business. They may talk extravagantly about the outlook in press releases, but their policy is to stay close to shore. They stand a good chance of carrying on a stiff program of car production and concurrently preparing to turn out munitions on a mass scale. Neither may interfere with the other. At any rate, Detroit is getting braced for a history-making boom about a year from now. Perhaps a little sooner. Meanwhile reasonably good prosperity should reign in the automobile-making country of Southern Michigan.

Aviation Backlog Estimated at More Than Three Billion

There are three main reasons for the poor action of aircraft stocks. First, investors and speculators are afraid of the Excess Profits Tax Act. Second, they are worried about adverse effects on the industry if England falls. Third, they are wondering what will happen when the war

is over and our own defense program is complete.

Detailed unfilled-order figures show that Curtiss-Wright has maintained a top-heavy leadership. They also show the phenomenal gains of the smaller companies. According to the latest figures, Curtiss-Wright has over \$625,000,000 in orders, nearly three times the output of the entire industry in 1939, the best year to date. Trailing Curtiss are Douglas with \$395,000,000 and United Aircraft with \$373,000,000, while Consolidated, Lockheed, Martin and North American fight for fourth place with about \$225,000,000 each.

But the smaller companies have made even faster progress. Aviation Corporation, for example, has orders of \$66,000,000, or fifty times the total at the end of 1938. Beech Aircraft's total is over \$22,000,000, thanks to some War Department contract, nearly sixty times the older figure. Republic (formerly Seversky), recently received a \$56,000,000 pursuit ship order which raised its unfilled orders to

\$70,000,000. Almost all other small companies show wide gains.

Large as the current backlog are, they will be even larger. According to Washington reports the Army and Navy have ordered 17,300 planes out of the 29,500 authorized under the various appropriation bills of 1940-41. The War Department has authorized about twenty manufacturers to tool up for an additional \$1,250,000,000 in orders. Receipt of these contracts would boost unfilled orders over the \$4,000,000,000 mark.

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Chevrolet -
THE STYLE CAR of the UNITED STATES

**THRILLING NEW BIGNESS
IN ALL MAJOR DIMENSIONS**

★

NEW LONGER WHEELBASE

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**LONGER, LARGER, WIDER
FISHER BODIES
WITH NO DRAFT VENTILATION**

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**DE LUXE KNEE-ACTION
ON ALL MODELS**

WITH BALANCED SPRINGING
FRONT AND REAR, AND IMPROVED SHOCKPROOF STEERING

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**90-H.P. VALVE-IN-HEAD
"VICTORY" ENGINE**

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**ORIGINAL VACUUM-
POWER SHIFT
AT NO EXTRA COST**

BUILT AS ONLY CHEVROLET BUILDS IT

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**SAFE-T-SPECIAL
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Plus many more outstanding
comfort, safety and convenience
features

EYE IT... TRY IT... BUY IT!

Parade along the avenue in this sparkling
beauty, and you'll attract every eye... for the
new 1941 Chevrolet is the smartest car that ever
wore a radiator ornament... the Style Car of
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Performance?—even more powerful and even
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breaking road action of last year! Riding com-
fort?—"the smoothest, steadiest ride of all,"
with De Luxe Knee-Action and balanced
springing front and rear on all models!

But, come, you be the judge of the new
1941 Chevrolet! Eye It—Try It—Buy It! See how
finely and faithfully it is designed to be first
again in popular favor and popular demand!

**Again CHEVROLET'S
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Two-tone colors on all Special De Luxe models—optional at small extra cost.

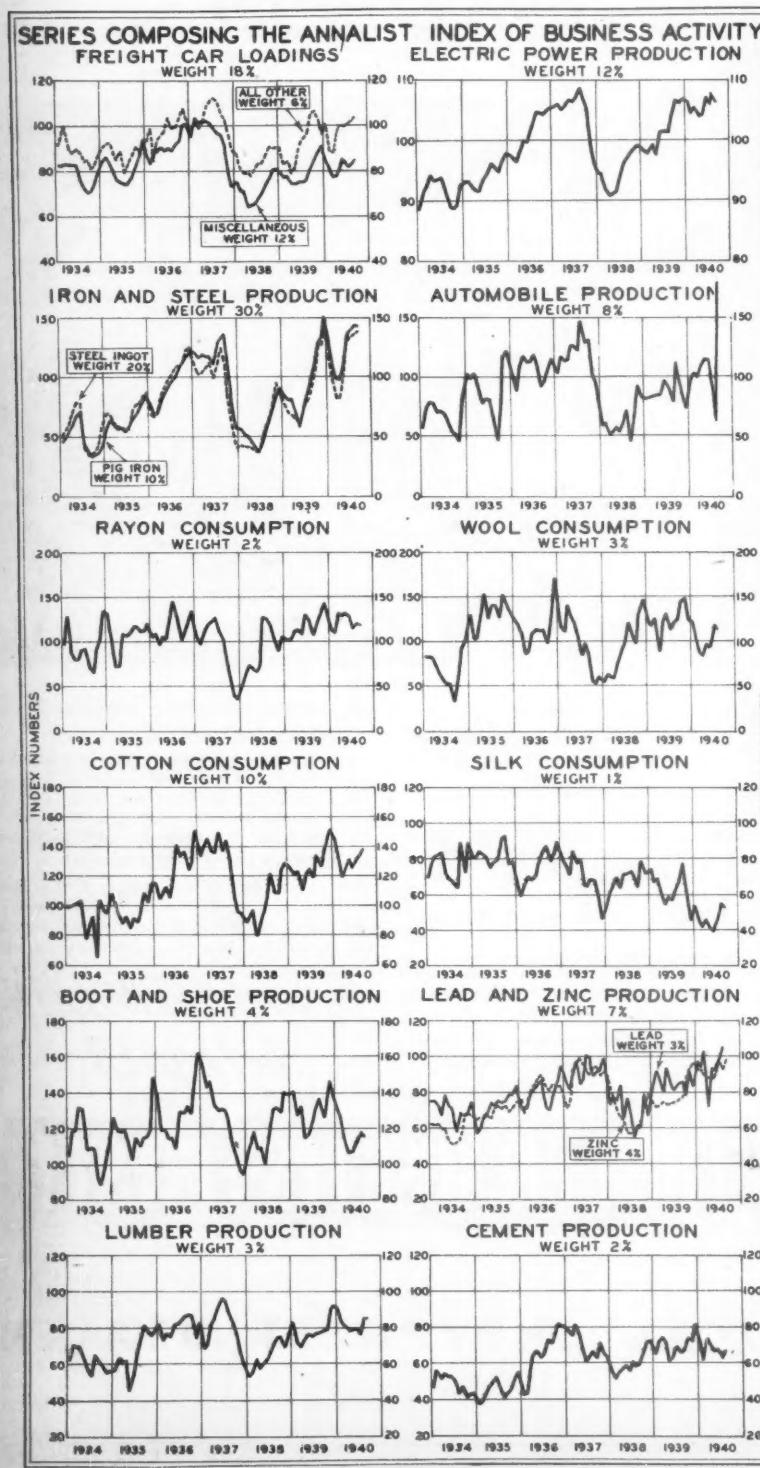
You'll say "FIRST BECAUSE IT'S FINEST!"

SEE YOUR LOCAL CHEVROLET DEALER

AIRCRAFT COMPANIES

Year	Net Income (Millions)	Stock Index
1935	0.5	10
1936	5.0	15
1937	4.0	20
1938	10.0	30
1939	8.0	40
1940	12.0	50

17 1940



Industrial Output Higher

Defense Expenditures A Minor Influence

By S. L. MILLER

BUSINESS conditions have not been reflecting expanding defense activity in the last few months. At least the Federal Reserve Board's index hasn't. Industrial production rose only slightly in September. Department store sales and consumers' expenditures also receded. This was in the nature of a setback from the lush August retail trade. Employment and payrolls, however, did rise, and rather substantially. Construction activity, however, receded from the unusually high level attained in August. Farm income has been standing up nicely in view of declining farm prices.

TABLE I. RECENT ECONOMIC CHANGES
(1923-25=100)

	Sept.	Aug.	July,	
	1940.	1940.	1940.	
Industrial production	124	122	121	
Consumers' expenditures	109.1	115.0	103.6	
Department store sales	97	99	98	
Employment	104.1	104.6	99.5	
Payrolls	105.8	102.0	98.7	
Real wages	120.6	116.3	116.3	
Cost of living	84.6	84.9	84.9	
Wholesale prices	77.6	76.9	77.2	
Cash farm income	82.2	81.1	81.1	
National income	90.3	89.3	89.3	
Construction contracts	Monthly index	81.8	93.8	93.6
	Moving average	89.7	87.8	87.8
*Estimate. 1924-29=100. 1929=100; entire series revised. 1935-39=100. Revised.				

There appears to be an underlying, optimistic sentiment about the coming boom in business activity inherent in the defense program. Yet when one glances at the chart of industrial production he can hardly see where the defense program has had any effect in the last three months. The Federal Reserve Board's index of industrial production was 121 in June, when preparedness first got under way with a bang and government orders in large volume first started to make the headlines. In July it was still 121, in August 122 and last month 124. Certainly this is not the rapid acceleration characteristic of a boom.

Defense a Minor Factor

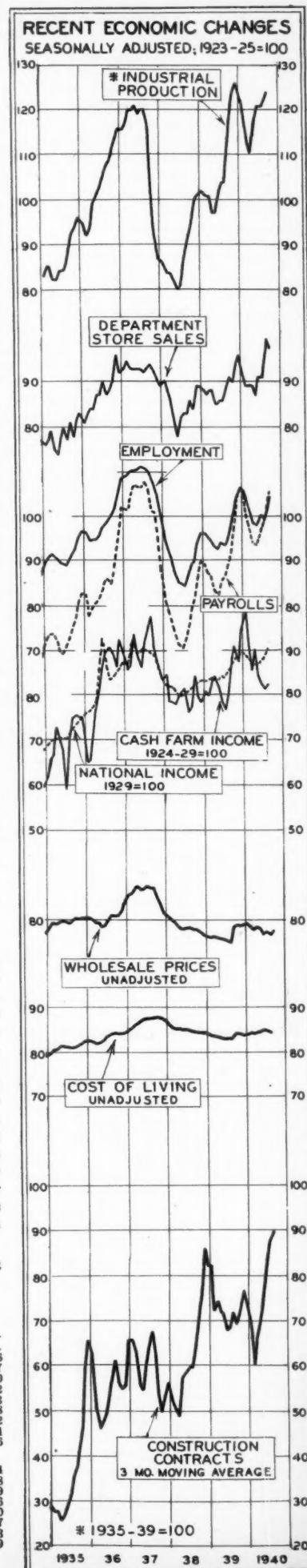
The fact is that the defense program has been a minor factor in the business situation so far, except for certain industries, some of which are shown in Table II. And even here it is difficult to trace expansion to the defense program. There is certainly considerable basis for contending that operations on Allied and then British orders in the last year or more have been a more important factor in such industries as aircraft, machine tools and explosives. In the steel industry some companies report that as much as 20 per cent of current production is destined for export. And the automobile industry has taken large tonnages in the last month or two.

TABLE II. EMPLOYMENT INDICES FOR INDUSTRIES SHOWING STRIKING GAINS

(Adjusted for seasonal variation, 1923-25=100)					
	Engines,	Turbines,	Machine	Ship-	Explo-
	Etc.	Tools.	Aircraft.	building.	gives.
Apr.	91	138	1,075	112	86
May	93	114	1,103	116	87
June	95	144	1,267	127	90
July	96	149	1,385	128	92
Aug.	97	148	1,414	125	93
Sept.	99	155	1,512	128	96
Oct.	108	170	1,605	132	102
Nov.	116	183	1,767	133	104
Dec.	124	191	1,905	139	106
1940.					
Jan.	133	190	2,050	140	104
Feb.	134	204	2,061	146	106
Mar.	132	209	2,075	148	108
Apr.	134	215	2,124	148	116
May	142	220	2,260	153	120
June	152	228	2,445	164	127
July	165	238	2,677	175	133
Aug.	175	248	2,872	185	139

Source: Federal Reserve Bulletin.

Production might well be held back by limited capacity. This is notoriously true



For extension of this chart back to 1920, see The Annalist of Jan. 25, 1940, page 106.

OCT 17

in the case of the steel industry. Output cannot be increased much more than to 100 per cent of existing capacity, and it is very near that now. Expansion in machine-tool activity, in shipbuilding and aircraft making, is likewise restrained. But here capacity is being increased, although another bottleneck is operative in the form of skilled labor. But these are temporary restraints. The answers are training and retraining of labor and increased construction of plant and building of machinery.

Marked Expansion in Factory Building

Fortunately, all three are proceeding at a fast pace. And this is particularly evident in construction. Construction contracts awarded during August clipped the \$400,000,000 mark, according to the F. W. Dodge compilations. In September there was a considerable decrease from this exceptionally high total (for recent years). But the chief defense bottleneck, lack of plant capacity, is being remedied in a remarkably rapid fashion. Factory building during July reached \$50,000,000, the highest level since December, 1939, whereas total construction has been making new records only since June, 1930. During August the awarding of contracts for new factories fell \$10,000,000 to \$40,000,000, and declined slightly again in September. This later figure was still higher than the peak month of 1937.

Residential construction has been well maintained, especially when you consider that the possibility of American entrance into the war is becoming more and more a probability every day. Government housing expenditures for defense may well have influenced the trend of residential building. But in all likelihood the construction of private residences was the most important factor.

TABLE III. THE ANNALIST INDEX OF BUSINESS ACTIVITY AND COM- PONENT GROUPS
(Estimated normal=100)

	Sept.	Aug.	July,	1940.	1940.	1940.
Freight car loadings	91.5	90.0	88.7			
Miscellaneous	85.4	84.8	82.7			
Other	102.8	102.7	100.7			
Electric power production	106.9	107.3	105.9			
Manufacturing	123.0	119.4	120.1			
Steel ingot production	138.4	135.5	132.6			
Pig iron production	142.8	144.0	140.1			
Textiles	123.5	121.5	119.0			
Cotton consumption	138.1	134.6	132.0			
Wool consumption	111.5	118.0				
Silk consumption	52.2	55.2	46.8			
Rayon consumption	117.6	119.5	114.4			
Footwear production	115.7	118.2				
Automobile production	178.7	62.5	98.7			
Lumber production	85.3	84.9	76.6			
Cement production	67.2	62.5				
Mining	97.0	97.1				
Zinc production	98.5	92.6	96.1			
Lead production	105.9	99.1				
Combined index	111.2	106.5	105.9			

*Subject to revision. [†]Revised.

TABLE IV. THE COMBINED INDEX SINCE 1934

	1940.	1939.	1938.	1937.	1936.	1935.	1934.
Jan.	105.0	91.8	79.5	104.3	92.3	87.2	79.6
Feb.	98.9	89.4	78.5	105.7	89.0	86.7	83.2
Mar.	96.5	90.1	77.5	106.9	94.4	84.4	84.6
Apr.	95.2	87.0	74.3	107.1	94.1	82.8	85.9
May	99.7	86.8	74.1	109.0	95.9	81.8	86.4
June	105.4	92.2	74.6	108.7	95.6	82.9	83.8
July	105.9	93.2	74.6	108.1	102.5	82.7	78.0
Aug.	106.5	95.1	84.1	111.2	102.5	84.9	75.1
Sept.	111.2	110.7	84.7	106.5	102.9	88.1	74.4
Oct.	107.1	87.8	98.5	103.3	89.1	74.6	
Nov.	108.1	94.5	87.8	107.1	92.0	76.0	
Dec.	110.1	94.4	81.3	110.5	96.7	82.4	

*Subject to revision. [†]Revised.

Practically all of the recent gains made in construction have been brought about by increased government expenditures. Privately financed building has remained comparatively stable except in September, when it rose sharply but not enough to take up the slack of lower public works. Publicly owned and/or financed construction has largely involved new plants for defense purposes. Thus, it must be presumed that the recent advance of factory building has been mainly for government account. Government ownership of defense plants, while an encroachment of the governmental sphere on private business, is desirable in that after the international conflict is over and definitely settled so that large-scale production of defense weapons is no longer necessary, the task of readjustment and the onus of laying off wage-earners will fall upon the government. This task will be no less easy,

but the opportunities for political demagoguery will be small.

Consumers' goods industries have remained more or less dormant in comparison with durable goods activity. And this despite the comparatively smart recovery in employment and particularly payrolls. We estimate that the Bureau of Labor Statistics' index for payrolls will score a new peak for the year. Both wages and employment, however, remain below the high level of December, 1939. That payrolls have increased faster than employment is attributable to a gradual advance in hourly earnings, which, according to the National Industrial Conference Board, have reached the neighborhood of 74 cents an hour, a new all-time high record. Scarcity of skilled labor has as much to do with this as strikes and unionization.

When you consider the extent of the recent revival of payrolls, the high level of

cash farm income and the upswing of retail trade, it is difficult to account for the sluggishness in the consumers' goods trades. And this sluggishness is all the stranger when you consider that a good part of the activity in certain textiles and in the shoe plants has been work on government orders in anticipation of the draft.

Retail trade last month, as measured by department store sales, showed little change from the preceding month. According to the Federal Reserve Board, the index of department store sales came to 97 in September, as compared with 99 (revised) in August. Still the index was the highest since April, 1930. A more comprehensive barometer of retail sales, the International Statistical Bureau's index of consumers' expenditures, registered a more pronounced drop. This index, however, usually fluctuates more violently than does that of department store sales. Prob-

ably a falling off in automobile sales (largely seasonal) was responsible. In view of the high and growing level of consumer income, it is obvious that further expansion of retail trade will take place and that activity in the consumers' goods trades will go along with it.

Preliminary reports point to a sharp advance in THE ANNALIST Index of Business Activity. The index rose to 111.2 (preliminary) in September from 106.5 (revised) in August. Last year in September it was 100.7. The peak month of 1937 (also 111.2) was reached. This pronounced gain was largely the result of the automobile industry's hurrying output. Other components that rose were car loadings, steel ingot production, cotton consumption, lumber output and zinc production. Electric power and pig iron output fell slightly together with silk and rayon deliveries.

FAMILIAR ACTS THAT MARK A BETTER WAY OF LIVING



You read
the News
"or
hold this
well-known
Glass



You read your newspaper to get the news,— and you get it. You drink ice-cold Coca-Cola to get delicious refreshment,— and you get that. You are not concerned at the moment that it took a lot to make your newspaper the instrument of service that it is, or that it took a lot to make Coca-Cola the convenient everyday refreshment that it is.

Of course, Coca-Cola was fortunate from the beginning. It was

"right"... in taste and in its refreshing effect. It had "quality" and it has never lost it. Through the years more and more people discovered it. This public acceptance took Coca-Cola from one soda fountain in Atlanta in 1886 to more than 100,000 soda fountains in 1940. Then just at the turn of the century somebody said, "Let's put it in bottles, too."

The result: today, over a thousand plants throughout the coun-

try bottling Coca-Cola. Then came the familiar red coolers, then the famous six-bottle cartons, and the well-known red fountain dispensers.

And it all adds up to one thing. Putting the drink you like, where you can get it when you want it. But it never could have happened if you and millions like you hadn't made the pause that refreshes with ice-cold Coca-Cola a part of American life.

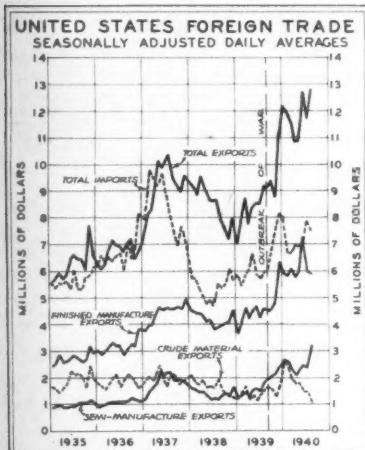


Your desire for its quality and years of work have made Coca-Cola the drink everybody knows... and have made the pause that refreshes America's favorite moment.

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Exports Higher Because of Heavy Munition Shipments

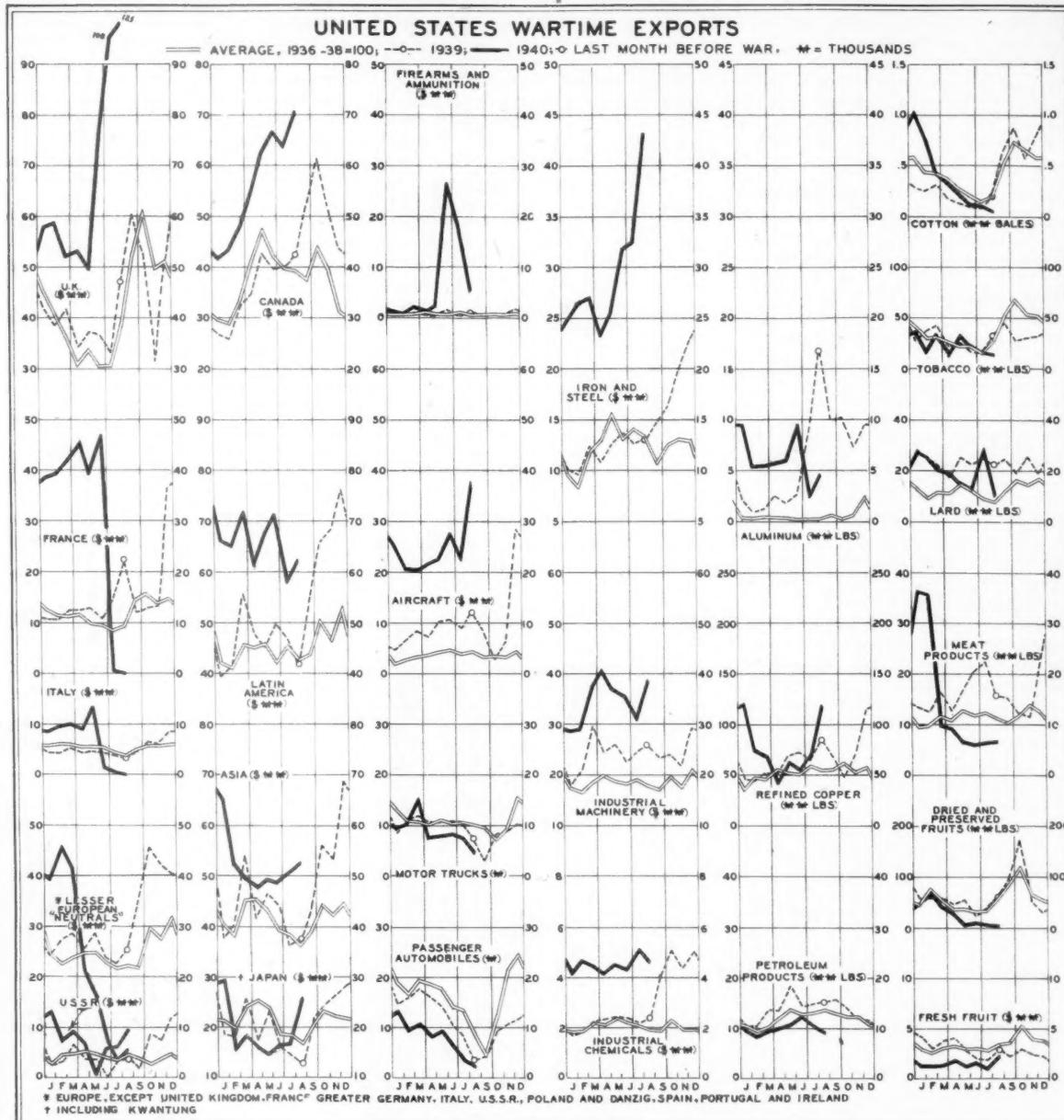
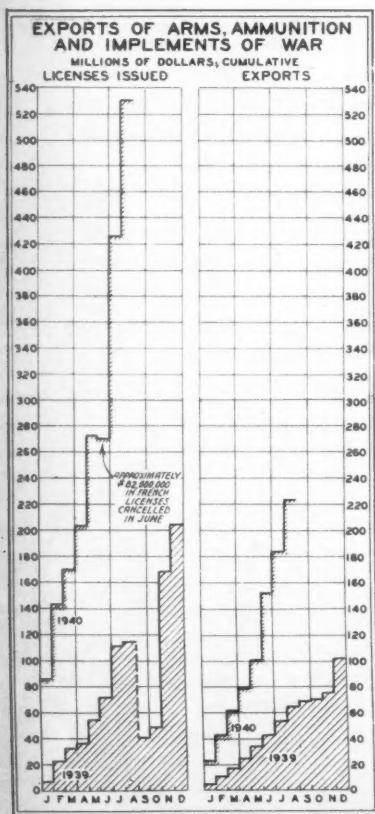
Deliveries to Britain
35% of All Exports



By WINTHROP W. CASE

AGUST exports virtually recovered the loss of the previous month, and stood only slightly below the June total, despite the fact that the Continental European market has since been virtually wiped out by the collapse of France and the extension of the British blockade. On a seasonally adjusted basis, indeed, August exports reached the highest levels since January, 1930. The rise reflected the further sharp increase in war exports to Britain. Finished manufactures did not quite attain, on a seasonally adjusted basis, the June level, which, in turn, had been the highest since 1929, but shipments of semi-manufactures have, on an adjusted basis, been exceeded since the war only in September, 1919. Adjusted exports of crude materials and foodstuffs continued the strongly downward trend that has marked them since the Spring.

Imports declined somewhat from the July total, but remained at relatively high levels, reflecting the steady expansion of domestic industry.



The outstanding features of the current export situation (see large chart) are the spectacular rise in shipments to Britain, much greater sales to Canada, the disappearance as markets of France, Italy and the smaller countries of Continental Europe, a rise in sales to the Soviet Union, the sagging tendency of our trade with Latin America, and a sharp rise in exports to Japan. Aircraft shipments have expanded to new record totals, as have machine tool and iron and steel exports. Farm products continue to lag.

Despite the elimination of France, munitions exports have continued to expand. Exports of the State Department's categories of "arms, ammunition and implements of war" (see small chart) were not as great in August as in June, when France's takings reached the record total of over \$27,000,000, but they have been exceeded in that month only, while shipments to other countries than France have now topped all previous figures. Of these shipments, well over 90 per cent are going to Britain and Canada alone. Although Britain's share is still dominated by aircraft, other munitions, such as machine guns and ammunition, bombs and mines, small arms and ammunition, and high explosives are acquiring growing importance. Munitions shipments to Britain during January to May had only totaled \$13,000,000 altogether, according to the State Depart-

ment's figures; in June alone, however, they touched nearly \$17,000,000 as deliveries were urgently demanded, and rose further to \$24,000,000 in July and \$31,736,000 in August (of which aircraft comprised \$29,247,000).

Meanwhile, export licenses—more or less indicative of future exports—have risen exceedingly rapidly. Licenses to the value of \$162,000,000 were issued in July and \$116,000,000 in August, principally to Great Britain and Canada. Total licenses issued in 1940 to date aggregate \$531,000,000. Part of these have, of course, been already utilized. It is possible, however, to reach an approximation of the licenses as yet unused since all licenses to belligerent powers—and these comprise the preponderance of all licenses issued—were canceled upon the outbreak of war a year ago, thus clearing the slate so far as the belligerents were concerned. Total licenses issued during the war thus cover all licenses that have been available in the war period except for the relatively unimportant amount that had already been issued to nonbelligerents at the time of the outbreak of hostilities, but not yet used. This total amounts to approximately \$735,000,000 for the twelve months through August. From this must be deducted some \$256,000,000 of exports made during the period under these licenses. The balance of around \$480,000,000 repre-

sents roughly the value of the licenses outstanding as of Aug. 31, 1940—largely, of course, for aircraft and largely for the belligerents.

TABLE I. MONTHLY AIRCRAFT EXPORTS TO BRITAIN AND FRANCE

	To		
	U. K.	France	Both
January	20	25	45
February	43	29	72
March	44	36	80
April	50	10	60
May	75	15	90
June	53	52	105
July	42	43	85
August	44	57	101
September	34	—	34
October	—	—	—
November	4	19	23
December	53	171	224
1940			
January	41	66	107
February	19	47	66
March	22	122	124
April	23	168	191
May	19	154	173
June	97	193	290
July	173	173	278
August	278	—	278

The speeding up of shipments of aircraft to Great Britain in the last few months is also apparent from Table I. January-May shipments totaled but 104 aircraft for the entire period, measuring the effects of the dilatory buying of the British purchasing organization. Shipments rose in June to 97, in July to 173 (thanks in part, it would seem, to the diversion of French orders), and in August to 278, or more than in the entire first half year. The August figure was at the rate of 3,300 a year, which should begin to be felt in the British resistance.

OCT 17

Table II. U. S. Trade Balance With Argentina

(Millions of dollars; United States statistics)						—U. S. Exports—			
—U. S. Exports—			—U. S. Imports—			—Export Surplus—			
1939-40	1938-39	Change	1939-40	1938-39	Change	1939-40	1938-39	Change	
September	4.9	5.9	-1.0	3.8	3.9	-0.1	1.1	2.0	-0.9
October	7.0	6.0	+1.0	5.1	3.6	+1.5	1.9	2.4	-0.5
November	9.9	6.8	+3.1	6.7	3.6	+3.1	3.2	3.2	0.0
December	10.8	7.7	+3.1	8.4	4.3	+4.1	2.4	3.4	-1.0
January	10.2	3.1	+7.1	9.7	6.6	+3.1	0.5	-3.5	+4.0
February	9.1	4.1	+5.0	10.8	6.1	+4.7	-1.7	-2.0	+0.3
March	10.8	5.3	+5.5	10.5	5.5	+5.0	0.3	-0.2	+0.5
April	8.3	4.1	+4.2	5.1	4.4	+0.7	3.2	-0.3	+3.5
May	10.8	4.9	+5.9	5.1	4.4	+0.7	5.7	0.5	+5.2
June	14.8	6.1	+8.7	4.7	4.0	+0.7	10.1	2.1	+8.0
July	10.7	6.3	+4.4	5.2	3.2	+2.0	5.5	3.1	+2.4
August	10.2	4.7	+5.5	5.2	4.8	+0.4	5.0	-0.1	+5.1
Year, Sept. to Aug.	117.5	65.0	+52.5	80.3	54.4	+25.9	37.2	10.6	+26.6
Monthly average	9.8	5.4	+4.4	6.7	4.5	+2.2	3.1	0.9	+2.2

Britain has not confined her increased purchases either to aircraft or to other goods of the strictly munitions category. Her total purchases from the United States in May had amounted to less than \$50,000,000. In June they rose to \$78,000,000, in July to \$108,000,000, and in August to a new record total of \$125,309,000. Her July purchases of machine tools (the latest month for which detailed data are available) amounted to \$8,500,000, exceeding by a wide margin the previous record of \$6,280,000 established in May. July iron and steel purchases exceeded 516,000 tons, compared with the previous record of 386,000 in June and a pre-war monthly average of barely 100,000.

The rise of Canadian purchases to \$70,700,000 in August—a new record—reflected war trade largely. Aircraft, machine tool and iron and steel shipments continued heavy.

Exports to South America, which rose very strikingly on the outbreak of war, have tended to sag off of late. South American purchases from the United States are definitely limited by the problem of payment, since a large part of its products is competitive with, rather than complementary to, those of the United States. The cutting off of the European market in May and June was a much more serious blow to these countries than to the United States, in view of their greater dependence upon it, and the current downward trend of South American purchases from the United States would appear to reflect this deprivation.

The recent shutting off of Argentina purchases from the United States is thus merely symptomatic, entirely apart from the question of whether ulterior political considerations may also have contributed to the move. Table II shows the trend of the United States trade balance with Argentina during the past two years. Exports from the United States have virtually doubled since the outbreak of fighting forced Argentina to turn to the United States for goods formerly obtained in Europe. This increase has been especially pronounced since the events of May and June.

Meanwhile, imports from Argentina have shown much smaller gains, with the result that the balance of trade between the two countries has become much less favorable to Argentina. In the year ended August, 1939, it was "favorable" to the United States by \$10,600,000, whereas in

the year ended last August the balance rose to \$37,200,000, entailing an increase for the year of \$26,600,000 in the payments to this country which Argentina had to meet with other than merchandise shipments. The trend, it will be noted, has become much accentuated during the past three months: indeed, on the basis of that period alone, Argentina's trade balance with the United States has become more "adverse" to her by some \$62,000,000 a year, rather than by only \$26,600,000.

Argentina's trade balance with the world as a whole shows a similar deterioration. During the three months, April to June (the latest for which data are at hand), the Argentine balance of trade with all countries deteriorated by 96,700,000 pesos as compared with a year before (Table III), reflecting the drop of total exports from around 180,000,000 pesos monthly during the Winter to 136,500,000 in June and less than 120,000,000 in July.

TABLE III. THE ARGENTINE TRADE BALANCE

(Millions of paper pesos; exports readjusted to import basis by the Banco Central de la Republica Argentina)

	Surplus of Argent. Exports		
	1939-40	1938-39	Change
September	22.0	-5.7	+27.7
October	44.0	14.0	+30.0
November	34.4	2.0	+32.4
December	36.0	-1.4	+39.4
January	55.4	25.1	+30.3
February	52.7	42.7	-10.0
March	51.4	34.8	+16.6
April	20.7	40.9	-20.2
May	38.2	50.2	-11.0
June	13.3	78.8	-65.5
July	23.2	...	...
August	...	-2.0	...

The very sharp rise in Japanese purchases, to \$26,000,000 in August from less than \$17,000,000 in July, was due to increased purchases of semi-manufactures, especially refined copper, of which she bought 66,800,000 pounds as against only 7,600,000 in July, and a previous high figure (at least in recent years) of 35,800,000 in December, 1939. It is to be assumed that these purchases were inspired by fear lest the existing American embargoes be extended to cover all war materials to Japan.

The question of the extent to which the British war purchases are draining British resources abroad continues to be of interest. In Table IV we have compiled the details of American foreign trade with the chief regions of the British and French Empires. (Since trade with France has become nominal since the collapse, a recomputation to exclude it prior to July seemed

to offer no advantages). Any measure of the drain on, formerly, Allied and, now, British, resources based merely on the volume of purchases of strictly war commodities would of course be wholly inadequate, since no account would be taken either of the offsetting decrease in purchases by Britain of other goods, nor of the trend in her exports to this country. The table therefore merely compares the balance of trade with the entire area in the twelve months before the war and the subsequent twelve.

It will be seen that the balance of trade was more "favorable" to the United States

by \$461,900,000 in 1939-40 than in 1938-39, and therefore represented an added drain on British (or Allied) resources of an equal amount directly attributable to the war. Even at the rate of the last few months, it would probably be under \$800,000,000 a year. British investments alone in this country on Dec. 31, 1939, were placed at \$2,803,000,000, not to mention British gold holdings in the new gold currently being produced in the British Empire. It therefore seems unlikely that, even if purchases are steeply stepped up in 1941, the problem of payment will become acute during the next twelve months.

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Table IV. U. S. Trade With the British and French Empires

	U. S. Exports			U. S. Imports			Export Surplus		
	1939-40	1938-39	Change	1939-40	1938-39	Change	1939-40	1938-39	Change
September	141.3	109.9	+31.4	69.3	55.4	+13.9	72.0	54.5	+17.5
October	129.2	111.6	+17.3	79.1	65.5	+13.6	67.4	63.1	+4.3
November	113.2	111.6	+1.6	83.5	61.5	+22.5	29.1	50.9	-21.8
December	155.8	107.9	+47.9	95.0	59.7	+35.6	60.5	48.2	+12.3
January	171.8	92.4	+84.4	94.0	61.8	+32.2	78.8	30.6	+48.2
February	164.2	89.5	+74.7	75.5	52.3	+23.2	90.7	37.2	+53.5
March	164.7	104.9	+59.8	96.3	66.7	+29.6	68.4	38.2	+30.2
April	172.9	98.3	+74.6	85.1	65.6	+19.5	87.8	32.7	+55.1
May	173.5	108.2	+65.3	85.1	76.5	-8.6	88.4	31.7	+56.7
June	208.2	102.7	+105.5	92.6	65.4	+27.2	115.6	37.3	+78.3
July	200.2	105.8	+94.4	104.9	63.6	+41.3	95.3	42.2	+53.1
August	220.3	126.9	+93.4	90.2	62.6	+27.6	130.1	64.3	+65.8

Year to date, 2,037.4 1,287.6 +749.8 1,044.0 756.1 993.4 531.5 +461.9

1 Year totals do not exactly agree with totals of monthly data owing to revisions by Department of Commerce.

Note: Above statistics cover U. S. trade with France, U. K., Canada, Australia, New Zealand, British India, Burma, Ceylon and the Union of South Africa. These areas in 1938 took 94.3 per cent of all U. S. exports to all British and French areas, and 91.2 per cent of imports.

*Maybe you know a bright boy who would like to have us send him a little book telling him how he can make a toy motor that will run. Just write Westinghouse, 306 Fourth Avenue, Pittsburgh, Pa.

National Government: Expansion in Business Believed Sure; Willkie's Chances

WASHINGTON.

BUSINESS outlook estimates in best informed Federal quarters confirm the generally favorable predictions which are being made by private observers. The most important, factors of course, are the defense expenditures, the volume of exports as affected by foreign developments and the effect of the new taxes.

A fair guess as to the defense outlay is about \$5 billion for the current fiscal year and \$10 billion for fiscal 1942, by which time approximately \$1 billion a month will be pouring out. This would mean total Federal expenditures of about \$12 billion in fiscal 1941 and \$16 billion in fiscal 1942, as against \$9 billion in fiscal 1940.

Exports should rise from \$312 million in July, 1940, to about \$450 million next June, with a probable rise thereafter if the war goes on. Shipments to Great Britain, Canada and Australia have risen from \$77 million in July, 1939, to \$146 million in June and \$175 million in July, 1940. There has been some shrinkage in exports to Latin America, which totaled \$58 million in July, but there are elements of expansion here. Elsewhere in the world exports shrank to \$79 million in July, due to the fall of France.

Tax increases, it is thought, will be offset by the large increase in the profits of industry and the fast amortization of new plants and equipment.

Keying these factors into other economic trends, there is room for belief that the national income will rise from about \$80 billion in the current fiscal year to \$90 billion in fiscal 1942. Employment would rise from an average of 43.8 million in fiscal 1940 to 47 million in 1941 and 50 million in 1942. The Federal Reserve index of industrial production could be expected to go from 121 in July to 142 next June and 150 in June, 1942.

These estimates are thought to be on the conservative side. The rise may be slower than the estimated average in the next three or four months and faster than average thereafter. The strong possibility of rising prices and a speculative inventory boom would substantially increase the above estimates.

Supposing the initial assumptions fall down—if defense expenditures go more slowly than anticipated and if Britain falls—the worst business condition that could be expected would be a slight decline during the next year from the present index position, statistically speaking. But, as a practical matter, Britain's fall would lead to still larger appropriations and conscription. The government would take over the orders in production for Britain and would go on from there.

ELECTION UNCERTAINTIES should have no bearing upon these calculations. If Roosevelt continues, and the current odds are said to be about 2 to 1 that he will, the program goes on without change of policy. The House Republicans, who are not unlikely to gain a few seats or even a majority, will continue a conservative influence with the aid of some of the conservative Democrats. The prevailing policy in the Administration is to carry on by full cooperation with industry rather than by compulsion and regimentation. Any expectations that this policy will be abandoned, with consequent repercussions upon business, have no present foundation.

Willkie's chances are not rated as quite as hopeless as they seemed, now that the final high-pressure phases of his campaign have started. We doubt that these methods can prevail. But if they do the change may not be as great as supposed.

By KENDALL K. HOYT

Some beneficial revisions in the defense set-up, which is working well, all things considered, have been proposed by the Republicans, but it is to be expected that Roosevelt will make much the same adjustments. Willkie might drive toward economy in nonmilitary matters, but he has promised to continue almost every form of Federal aid. The Senate, which is the spending body, will be Democratic until 1942 and probably till 1944.

It is hard to see why business should withhold commitments awaiting the outcome of the election. A war boom is a

100-to-1 shot, whether or not the United States manages to stay out of the fight. Once in, of course, the expansion would be the more rapid.

PLANT EXPANSION plans are fast being perfected, now that the tax bill, with its amortization features, has been signed. It is expected that Donald Nelson, as coordinator of procurement, will perform a clearing-house function when final procedures have been worked out between the Army, Navy and Defense Commission.

Applications will be certified as to whether new construction is necessary to defense. A certificate of government protection will be issued where costs are repaid directly or indirectly by the government. Otherwise a certificate of non-reimbursement will be issued. Applications for certification have been printed and regulations soon will be announced.

Private financing of defense facilities likewise is being expedited now that the bill to permit assignment of claims has become law. The only risk the lender takes is that contracts will not be fulfilled according to specifications. But a reasonable attitude as to performance is expected to minimize the risk so that lending institutions, it is believed, can offer loans at rates below the 4 per cent now being charged by RFC.

National Legislation: Cumulative Summary, Third Session, Seventy-sixth Congress

THIS summary will bring up to date the cumulative listing published in THE ANNALIST of June 20, June 27 and July 4, with the record of Congressional transactions thereafter. This week's list will cover the bills of business interest which have become law. Next week the uncompleted legislation still pending on the calendars of Senate and House will be itemized.

The more important measures are marked with an asterisk and those of unusual importance with two asterisks.

New Laws

Following are public laws and resolutions enacted during the Third Session of the Seventy-sixth Congress which convened Jan. 3, 1940:

Public Law No. 401 (HR6832) Approved Jan 13—Protect witnesses appearing before Federal agencies.

406 (HR7171) Jan 18—Amend Agri Mktg Agreement Act Sec 1(k) and Sec 22 AAA Act striking out limit on total quantities of articles which may be imported.

407 (HR2853) Jan 26—Auth Stts owning lands acquired from U S to include same in agreements for conservation of oil and gas.

409 (HR7293) Feb 1—Amend Sec 355 Revised Stat to make permissive legislative jurisdiction over land acquired by U S.

410 (HR7342) Feb 1—Amend Sec 32 Farm Mortgage Act 1933 to extend to Jun 1, 1942, the time for making commissn land bank loans.

417 (S2624) Feb 13—Increase limit of cost from \$1,500 to \$5,000 for constructs of bridges in pub parks.

420 (S2069) Mar 2—Increase Export-Import Bank funds to \$200,000,000, including \$20,000,000 for Finland.

422 (S1850) Mar 4—Aid Stts in retiring employees of land-grant colleges.

423 (S1935) Mar 4—Extend Sec 75 Bankruptcy Act (Frazier-Lemke Farm Mortgage Moratorium) to Mar 4, 1944.

425 (HR6505) Mar 4—Extend Sec 83A, Chap 9, Bankruptcy Act (Municipal Bankruptcy Act).

426 (S2868) Mar 5—Permit Army and Navy to place contracts with 2d and 3d bidders as well as low bidders if essential to natl defense.

434 (S547) Mar 15—Amend Sec 23, Copyright Act 1909, deleting words "when such contribution has been separately registered."

441 (HR7663) Mar 18—Amend Communications Act as to radio requirements for Grt Lakes vessels.

443 (S2398) Mar 28—Increase penalties peacetime espionage.

446 (S1965) Apr 4—Auth Sec Agri delegate certn functns; create post of 2d Asst Sec Agrl.

450 (S2689) Apr 11—Amend Sec 33, Copyright Act, as to imports into U S of certn copyrights.

455 (HR8702) Apr 17—Amend Judicil Code as to continuance of grand juries to finish investigations.

463 (HR8822) Apr 20—Diversity of citizenship; extend original jurisdiction dist courts in civil suits between citizens of the District of Columbia and those of any Stt or territory.

470 (HR7265) Apr 22—Exempt newspaper carrier boys from Sec 1 (A) Unenpl Compensatn Act.

481 (S2505) Apr 25—Amend Sec 22a, Census Act 1929, to postpone reapportionment of Congress.

484 (HR6039) Apr 25—Amend laws to prevent collisions of motorboats.

486 (HR3406) Apr 26—Auth white pine blister rust preventn.

*513 (S3470) May 14—Enlistments for active service shall be for duration of war plus 6 mos.

515 (S3661) May 14—Amend Perishable Agri Commodities Act as to cases handled with out break.

521 (HR7079) May 24—Additnl district and circuit judges.

532 (S229) May 28—Auth withdrawal natl forest land to protect watersheds for municipal water supply.

539 (S2303) May 31—Continue Prison Industries Reorganizatn Administratn.

543 (S3530) Jun 5—Prohibit export tobacco seed and plants.

544 (HR3955) June 6—Amend Sec 335d AAA Act 1938; wheat mktg quota not to apply to farms with crops less than 200 bu.

548 (HR7018) Jun 6—Amend Sec 289 Criminal Code.

549 (HR7020) Jun 6—Amend Party Defendant Act as to service of process on U S in foreclosure actions.

553 (HR7733) Jun 6—Increased pensions, veterans of regular establishments.

573 (HR7571) Jun 8—Repeal laws as to manifests and vessel permits.

575 (HR8086) Jun 8—Make it a crime to wreck or attempt to wreck a train.

583 (S1964) Jun 11—Amend Sec 4370 Revised Stat to permit charitable contributions by natl bnkg assns.

585 (HR2971) Jun 11—Continue Alaskan Internatn Highway Commn 4 yrs.

594 (HR7147) Jun 11—Amend Spanish War pensions acts.

598 (HR8119) Jun 11—Amend Criminal Code as to concurrent jurisdiction of courts of U S on certn Fed reservations.

599 (HR8283) Jun 11—Amend Sec 4370 Revised Stat as to towing vessels.

600 (HR8475) Jun 11—Limit interpretatn of "products of American fisheries."

601 (HR9492) Jun 11—Misdemeanor to stow away on vessels.

606 (HR2926) Jun 12—Examinatn of civilian nautical schools.

612 (HR8424) Jun 13—Army promotns.

626 (HR5584) Jun 13—Amend Canal Zone Code as to injury of ships, cargo, crew or passengers due to canal operatns.

627 (HR7019) Jun 13—Punish killing or assault of Fed officers.

628 (HR9700) Jun 13—Amend Sec 301b AAA Act 1938 so tobacco stored temporarily due to war does not affect quotas.

630 (S2668) Jun 15—Amend Fed Credit Union Act.

631 (HR7643) Jun 15—Simplify Natl Forest administratn.

*635 (HR9648) Jun 15—Naval aircraft expanson.

636 (S3683) Jun 17—Reclaimatn project, time limit on land.

642 (S2013) Jun 19—Amend D C Code as to cooperative assns.

*643 (HR7074) Jun 19—Auth Secy War dispose of condemned ordnance.

*644 (S4026) Jun 20—Reorganize Navy Dept.

647 (HR9361) June 21 over veto—Alteratn of bridges over navigable waters.

652 (S3867) Jun 24—Provide local delivery rate certn first class mail.

654 (HR9909) Jun 24—Amend Int'l Rev Code as to exchange of unused stamps.

655 (HR9117) Jun 24—Eliminate tax on brandy and increase tax on wine.

*656 (HR10039) Jun 25—First Revenue Act of 1940.

657 (S4027) Jun 25—Transfer active list Constructn Corps to Line of Navy.

659 (S3018) Jun 25—Permit communicatn utilities to render free service to natl def.

660 (S3237) Jun 25—Amend sec 301a Sugar Act 1937.

*664 (HR9688) Jun 25—Auth RFC purchase stock Fed Home Loan Banks and liberalize RFC financial natl def.

669 (HR9139) Jun 28—Amend municipal bankruptcy act.

*670 (HR5138) Jun 28—Alien registratn act.

*671 (HR9828) Jun 28—Expedite naval shipbuilding contracts.

*672 (HR8450) Jun 29—Make permanent reduced 3 1/2% into Fed land bank and commissn loans.

673 (S2047) Jun 29—Divest prize-fight films of their interst character.

675 (HR4587) Jun 29—Give Sup Court pwr to prescribe rules of practice in criminal cases.

*677 (HR6572) Jun 29—Marine war risk insurance and reinsurance.

679 (HR7343) Jun 29—Amend laws as to Fed prisoners.

686 (HR8399) Jun 29—Prohibit receipt of money or property feloniously taken from a bank.

686 (HR8628) Jun 29—Amend Perishable Agri Commodities Act to include cherries in brine.

691 (HR9896) Jun 29—Auth \$15 million miltary post constructn.

692 (HR9897) Jun 29—Auth \$3.5 million buy land from military posts.

698 (HR9765) Jul 1—Exercise right under Canadian trade agreement Nov 17 1938 as to red cedar shingles.

699 (HR9864) Jul 1—Amend Bankruptcy Act as to basis of property; exclude certn corporatns from Chap 11, Railroad reorganizatn.

700 (HR10058) Jul 1—Amend act to prevent publication of inventns in public interest.

701 (HR10112) Jul 1—Amend Immigratn Act 1924 to require that aliens entered as officials of forgn govts maintain their status or depart.

*703 (HR9850) July 2—Expedite natl def: 5,000 flying cadets, 6,000 Res Air Corps offrs; \$132 million emergency fund for Presid.

704 (HR4185) Jul 2—Repatriate women who lost citizenship due to marriage to aliens.

706 (HR6207) Jul 2—Exclude petroleum stills from registratn under sec 2810 Int'l Rev Code.

707 (HR6443) Jul 2—Permit naturalizatn certn aliens who spent childhood in U S.

708 (HR8172) Jul 2—Amend sec 5 Act of 1906 as to Alaskan salmon fishery.

710 (HR8285) Jul 2—Unfair trade practice to import minerals produced by use of floatatn process.

716 (HR9899) Jul 2—Amend sec 12b Soil Conservatn & Domestic Allotment Act for transfer of funds for advances on crop insurance.

718 (HR9633) Jul 2—Enlarge jurisdiction over diploma-mill schools in D C.

721 (HR9899) Jul 2—CAA jurisdiction over air-mail pick-up service.

726 (S2915) Jul 8—Rents, certn oil and gas leases, Oil Land Leasing Act 1920.

736 (HR4828) Jul 10—Amend Act of May 10, 1932, limiting operatn of statutes of limitatn.

737 (HR10106) Jul 10—Amend sec 14 Rev Act 1939 so that credits, securities and other tangibles not employed in carrying out busines shall be deemed to be held at domicile of owner.

739 (S3617) Jul 11—Consent interst compact Ohio Basin pollutn.

740 (HR6424) Jul 11—Transportatn and distributn of mail on motor carrier routes.

742 (S4097) Jul 12—Disposition of estate American citizens who die abroad.

747 (S3131) Jul 18—Extend benefits Employees' Compensation Act to Reserve Corps.

749 (HR7233) Jul 18—Amend law authorizing sale of surplus real estate by paying salesmen's commissns.

750 (HR6966) Jul 18—Amend Grain Stds Act for grading soy beans.

*751 (S3046) Jul 19—Broaden Hatch Act to ban pernicious political activities by Stt employes paid by Fed funds; limit campaign funds.

755 (HR8884) Jul 19—Encourage travel in U S; create U S Travel Board in Interior Dept.

OCT 17

756 (HR9877) Jul 19—Put into effect charges for Boulder Dam pwr.
 **757 (HR10100) Jul 19—Two-ocean Navy expansn bill; increase authorized compositn of Navy; auth \$50 million for essentl equipment at either pvt or naval establishments.

759 (S3998) Aug 9—Increase resources Commodity Credit Corp to \$1.4 billion.

764 (S4070) Aug 13—More uniform insurance coverage certn persons engaged in coal mining.

766 (HR10014) Aug 13—Amend Transport Act 1920.

767 (HR9158) Aug 18—Amend act Aug 19, 1937, enlisted men in Army, aliens.

768 (HR10065) Aug 22—SEC regulatn investment trusts and investment advisers.

774 (S4137) Aug 27—Transportn form mail by aircraft.

775 (HR10030) Aug 27—Increase number naval aviators.

776 (HR10213) Aug 27—Amend Neutrality Act to permit American ships to transport refugee children.

779 (S4271) Sep 4—Increase number of midshipmen.

780 (HR9375) Sep 5—Fed aid highway authoriztn.

782 (S4272) Sep 11—Increase Naval Reserve Officers Training Corps to 7,200.

**783 (S4164) Sep 16—Selective Training and Service Act 1940.

784 (S4008) Sep 16—Auth RFC loans to develop strategic minerals.

**785 (S2009) Sep 18—Transportn Act 1940; broaden ICC jurisdiction rail, motor and water carriers.

786 (S4165) Sep 18—Construct graving drydock, New York.

789 (HR10176) Sep 24—Secy Interior issue patents on lands held under color of title.

790 (HR10438) Sep 24—Extend age limit, midshipmen.

**792 (HR10361) Sep 26—Increase lending pwr Export-Import Bank from \$200 million to \$700 million.

795 (HR9898) Oct 4—Rate officers as aircraft observers.

796 (HR7731) Oct 5—Funeral expenses for veterans.

798 (HR9901) Oct 5—Postal service at form seaports and airports.

**801 (HR10413) Oct 8—2nd Revenue Act of 1940.

802 (HR6480) Oct 8—Amend AAA Act 1938 as to persons operating pub warehouses.

805 (HR9024) Oct 8—Status of retired officers.

807 (HR10080) Oct 8—Amend sec 3493 Int'l Rev Code, sugar, refund of tax on export.

808 (HR10406) Oct 8—Naval Reserve Officers Training Corps graduates, appointment to line of Navy.

809 (HR7357) Oct 9—Explosive and other dangerous cargoes at sea.

*811 (HR10444) Oct 9—Aid natl def by amending sec 3477 and 3437 Rev Stat to permit assignment of claims under pub contracts.

816 (S4316) Oct 9—Seamen's certificates issued under sec 458a and 459a Rev Stat void.

**Public Resolution No. 61 (HJR407) Apr 12—Extend Reciprocal Trade Agreement Act 3 yrs.

67 (HJR437) May 3—Proclaim last Sunday in May American Citizenship Day.

68 (SJR199) May 3—Extend Phosphate Resources Investg Committee to Jan 15 1941.

69 (SJR232) May 7—Auth President regulate transactions in evidences of indebtedness and ownership of property in which foreigners have interest.

73 (HJR258) May 14—Amend Sec 8f Soil Conservation & Domestic Allotment Act as to proof for payts when landowner has reduced no of tenants.

74 (HJR519) May 14—Suspend Sec 510g Merchant Marine Act 1936 as to laid-up fleet during European war.

75 (HJR561) Jun 4—Reorganiztn Plan V effective at once and Nos. III and IV effective Jun 30.

76 (HJR400) Jun 6—Gen. Pulaski's Memorial Day holiday Oct 11.

77 (HJR265) Jun 7—Bur Labor Statistics study labor costs and productivity in industry.

79 (HJR302) Jun 8—Auth interstt compacts Atlantic coast fisheries.

81 (HJR496) Jun 11—Amend Railroad Retirement Act 1935 and 1937 and Carriers Taxing Act 1937 for more uniform coverage. Persons not citizens or residents of U S excluded from benefits.

82 (HJR537) Jun 11—Emergency temporary provisn for determining form constructn costs Sec 502b Merchant Marine Act 1936.

*83 (HJR367) Jun 15—Aid American Republics increase naval and military establishments.

84 (SJR272) Jun 15—Postpone debt payts by Finland.

87 (SJR279) Jun 26—Amend sec 4 Neutrality Act as to transportn Red Cross personnel and supplies.

*89 (SJR260) Jun 29—Maintain essential vesels affected by Neutrality Act.

93 (SJR222) Jul 11—Approve compact Potomac Valley Conservancy District.

*96 (SJR286) Aug 27—Auth President order Natl Guard, Reserves and retired personnel to active duty.

Resolutions Agreed To

SENATE RESOLUTIONS—*SRes180 Jan 8—Continue spec commttee to invstg unempit and relief.

SRes217 Jan 16—Continue invstg gen condtn of Indians.

*SRes224 Mar 20—Invstg wire tapping.

SRes234 Feb 8—Sense of Senate that SEC should expedite registratn Finnish securities.

*SRes240 May 28—Continue invstg railroad financing by S Interstt Commerce Committee thru 77th Cong.

SRes241 May 20—Invstg administratn of pub land by Committee on Pub Lands.

SRes243 Apr 8—Ask Director of Budget for info on proposed redcts capital funds Fed credit corporatns.

SRes257 Apr 12—Refer to Court of Claims S258 to reimburse cotton cooperative assns for losses due to Fed Farm Board stabiliztn operatns.

*SRes268 May 28—Continue authoriztn invstg telegraph industry by Interstt Com Committee.

SRes276 Jun 22—Extend time spec commttee invstg wool.

SRes277 Jun 11—Additnl funds for wild-life committee.

SRes286 Jun 22—Refer to Court of Claims S963 for refund of taxes under Bankhead Act.

SRes291 Jul 8—Increase funds Gillette campaign fund invstg comm.

(George) Jan 18—Oppose sales of cotton abroad below cost of productn.

SRes277 (Bridges) Jan 19—Invstg negotiations with Mexican govt as to oil sales.

SRes227 (Vandenberg) Feb 7—Ask Tariff Comman for info on trade favors under most-favored-nation policy.

LAID ON TABLE—HRes356 (Kramer) Jan 23—Ask info on plot to sabotage Boulder Dam.

HRes361 (Brewer) Feb 1—Ask info on Treas Decisn No. 49682 as to American fisheries.

HRes391 (Maas) Mar 1—Ask info on American merchant ships and aircraft stopped by belligerents.

HRes404 (Patman) Mar 4—Consider Patman chain store tax bill, H.R.

HRes542 (Edwin A. Hill) Jul 8—Ask President for weekly rpt on natl def.

HR9982—Shipment and discharge of seamen. H agrees S amendments Oct 9.

*HR10094—Registratn of certn organizations carrying on activities in U S. Through conf Oct 7.

*HR10127—Amend Fed Res Act as to assets of form govt. Passed S amended Oct 7.

HR10322—Amend D C Unempl Compensatn Act. Passed S Oct 9.

*HR10412—Auth natl def housing constructn. Through conf Oct 8.

*HR10459—Home Guard Bill; auth Stts to organize military units outside Natl Guard. Passed S amended Oct 9.

* * *

PASSED ONE HOUSE—S4208—Overtime pay War Dept employees. Passed S Oct 9; to H Civil Service Committee.

S4240—Auth sale War Dept real property. Passed S Oct 8; Claims.

S4311—Amend AAA Act 1938. HRpt302 Oct 8.

S4374—Amend AAA Act 1938, tobacco. Failed to command two-thirds majority and pass H under suspensn of rules Oct 9.

HR9930—Amend Home Owners Loan Act 1933. Passed H Oct 9.

HR10098—Amend Sec 204 Transportn Act 1920. Passed H Oct 9.

* * *

ADVERSE REPORT—HRes614 (Hoffman)—HRpt303 Oct 7—Ask info from Secy of Navy.

* * *

NEW SENATE BILLS—S4403 (Bailey)—Finance—Permit members of building and loan assns to pay tax on earnings in such institutions in taxable year in which such earnings accrue.

S4404 (Steward) Pub Lands & Surveys—Auth temporary transfer of jurisdiction over natl park and forest land to War and Navy Depts.

S4405 (Minton) Agri & Forestry—Amend Rural Electrification Act to extend period for amortiztn of loans.

S4407 (Chavez) Military Affairs—Acquire stocks strategic matri.

S4408 (Guffey) Military Aff—Amend Selective Service Act.

S4407 (Bulow) Civil Service—Amend Civ Service Retirement Act.

S4409 (Clark, Idaho) Educ & Labor—Amend Fair Labor Stdz Act.

S4410 (Pepper & Bone) Patents—Prevent disclosure of natl def patents.

S4411 (Wheeler) Interstt Com—Credit military service under Railroad Retirement Acts.

* * *

NEW HOUSE BILLS—HR10620 (Hill) Interstt & Forn Com—Aid defense by experiments with chromium trioxide in cement mortar.

HR10621 (Pace) Agri—Amend AAA Act 1938 to regulate commerce in peanuts.

HR10624 (Vinson, Ga) Naval Aff—Extend Sec 6 Act of June 28 1940 to FBI.

HR10630 (Lucas) Military Aff—Create labor boards at military establishmnts to equalize pay rates between navy yards and arsenals.

HR10631 (Sheridan) Military Aff—Amend Selective Service Act 1940.

HR10632 (Refaeuer) Pub Lands—Auth temporary transfer natl park and forest land to War and Navy Depts.

HR10633 (Woodruff, Mich) Ways & Means—Economic defense of U S.

HR10637 (Summers, Tex) Judic—Amend Natl Stolen Property Act.

HR10639 (Kee) Merch Marine & Fisheries—Provide adequate facilities for transports of bulk commodities such as coal, wheat and lumber to form ports.

HR10612 (Smith, Va) Judic—Stay effects of rulings of govt agencies.

HR10613 (Geyer, Calif) Judic—Declare govt policy as to tide and submerged lands.

Recent Abstracts

New England Letter (First National Bank of Boston, Aug. 30, 1940). Business activity, which has continued upward since Spring, will likely continue, owing to stimulating influences caused by the domestic defense program. A reflection of this improvement has been noticed in the increased factory payrolls.

Federal Appropriations

		(Millions of dollars)	Fiscal 1941 and 1940 and Def. 1939.	Fiscal 1941 and Def. for 1940.	Pub. Law No.
Independent Offices	Bill No.		1,194.7	1,120.2	459 Apr. 18
Treasury, Postoffice	HR 7922		1,043.6	1,032.8	442 Mar. 25
Agriculture	HR 8068		780.9	918.6	658 June 25
State, Commerce, Justice	HR 8202		109.7	107.1	508 May 14
War Department (Civil Functions)	HR 8319		220.1	227.7	653 June 24
Interior	HR 8745		122.1	135.4	640 June 18
Legislative	HR 8913		25.8	23.7	641 June 18
War, Federal Security	HR 9007		966.0	1,023.3	665 June 26
District of Columbia	HR 9109		49.6	48.8	602 June 12
Total, Civil Functions		5,263.8	4,512.5	4,632.6	
Navy	HR 8438	773.0	1,078.5	1,308.2	588 June 11
Military Establishment	HR 9209	508.8	853.4	1,499.3	611 June 13
First Supplemental Nat. Defense	HR 10055	223.4	1,062.2	1,479.8	667 June 26
Second Supplemental Nat. Defense	HR 10263		2,237.2	2,497.0	781 Sept. 9
Third Supplemental Nat. Defense	HR 10572		1,297.5	1,324.2	800 Oct. 8
TVA, National Defense	HR 583		25.0	25.0	195 July 31
Military Post Construction	HR 607		338.3	338.3	199 Sept. 24
National Defense Housing	HRJ 614		75.0	75.0	Passed S.
Total, National Defense		1,505.2	6,967.1	8,546.8	
Relief	HJR 544	1,755.6	*1,126.1	*1,157.7	*88 June 26
Subtotal, above items		8,524.6	12,605.7	14,337.1	
Relief Deficiency		825.0			
Emergency Supplemental	HR 7805	272.0			
Urgent Deficiency	HR 8067	60.3			
First Deficiency	HR 8641	94.1			
Second Deficiency	HR 10104	61.1			
First Supplemental Civil Functions	HR 10539	211.9			
Marine Insurance	HRJ 582	50.0			
Subtotal		9,719.3	13,355.1	15,092.8	
Miscellaneous		5.0			
Permanent Annual Appropriations		3,624.7		3,974.0	
Total		13,349.0		19,066.9	

*Seven-month appropriation discretionary. †Public resolution. ‡Not including contract authorizations totaling approximately \$4,100,000,000 in third session.

HR550 (Fish) Jul 22—Asw Pres for info on any secret understanding with Russia.

HRes557 (Mrs. Rogers, Mass) Aug 12—Ask Pres for weekly rpt on natl def.

HRes558 (Fish) Sep 5—Ask info on airplanes on order.

HRes558 (Fish) Sep 4—Ask info on Army airplane contracts.

HRes559 (Reed, N Y) Sep 13—Ask whether destroyers were sent to form ports with American personnel.

HRes559 (Mrs. Rogers) Sep 23—Ask info on military or naval equipment sent to Grt Britain.

HRes613 (Hoffman) Oct 2—Ask info from Sec of War.

Copies of the above laws in most cases can be secured at a moderate cost from the Superintendent of Documents, Government Printing Office, Washington, D. C.

SENATE CONFIRMATIONS—Harvey M. Johnson, judge, U. S. Circuit Court of Appeals, 8th Circuit; William J. Campbell, U. S. district judge, Northern District, Ill.

EXECUTIVE COMMUNICATIONS—HDoc 966 Oct 9—\$30,076,000 supplemental estimate for natl def.

Oct 9—Message from Secy of War asking creation of grade of warrant officer in Army.

* * *

DOCUMENTS—SDoc304 Oct 7—Survey of methods of reappointment in Congress.

SDoc306 Oct 9—Key to year of decision in Supreme Court and Fed and Stt rpts.

The Week in Commodities: Food and Textile Sections Show Marked Price Rises

Pronounced strength in the food and textile groups contributed heavily to a rise in the *Annalist* Weekly Index of Wholesale Commodity Prices. The index for Oct. 12 stands at 80.9 as compared with 80.4 a week earlier and 81.4 for the corresponding date of last year.

Corrected for seasonal variation the Oct. 12 index is 80.2. On Oct. 5 it was 79.6 and on Oct. 14, 1939, 80.7.

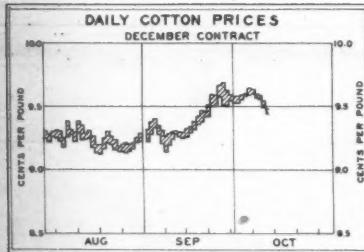
Sizable advances in beef and pork items helped lift the food products group. Cotton yarns and cloths, as well as silk, gave buoyancy to the textile products division. Rising lumber prices moved the building material group index appreciably.

DAILY COMMODITY PRICES

	Futures Spot				
	Cotton	Wheat	Corn	Hogs	Index
Oct. 7	9.46	1.02%	.81	6.01	53.67
Oct. 8	9.45	1.02%	.81	5.97	53.65
Oct. 9	9.42	1.02%	.814	6.04	53.90
Oct. 10	9.36	1.03%	.815	6.04	53.93
Oct. 11	9.33	1.04%	.821	6.13	54.43
Oct. 12	9.27	1.05%	.822	6.23	54.84
Oct. 14	9.27	1.05%	.822	6.23	163.6

COTTON

The Columbus Day holiday, domestic political developments and even more unsettling foreign news all served to discourage cotton trading last week. Holders of options liquidated whenever buyers appeared. At Friday's close (markets were closed on Oct. 12) prices were down 17 to 22 points, with final quotations not far from the lows.



The third official crop forecast, released on Tuesday, depressed prices 5 to 8 points because it showed very little change from the preceding estimate. Many traders had expected a substantial reduction in view of the unprecedented improvement which took place in August. The latest estimate places the new crop at 12,741,000 bales, as contrasted with 11,817,000 bales last year and a ten-year average of 13,547,000. The new crop vividly proves that eight years of New Deal crop control have done little toward reducing the cotton crop. As fast as New Dealers have curtailed the crop (through acreage reduction) growers have boosted total yield through better farming. Incidentally, per-acre yield this year is 250 pounds, compared with the ten-year average of 198.

MOVEMENT OF AMERICAN COTTON

(Thousands of running bales; as reported by the New York Cotton Exchange)

Wk. Ending Thursday, Yr's
Oct. 10, Oct. 3, Oct. 12, Chge
1940. 1940. 1939. P.C.

Movement Into Sight:

During week..... 552 362 671 - 18
Since Aug. 1..... 2,496 1,544 4,439 - 44

Deliveries to Domestic Mills:

During week..... 275 168 261 + 5
Since Aug. 1..... 1,425 932 1,639 - 13

Exports:

During week..... 34 11 110 - 69
Since Aug. 1..... 174 119 1,110 - 94

Visible Supply (Thursday):

U. S. A. only..... 5,236 4,832 6,011 - 13

Highlighting the estimate was ginning of 3,924,000 bales through Oct. 1, as contrasted with 6,682,000 bales last year. Nothing else is needed to show the late ness of the crop.

Despite the apathy in the raw cotton market, sales of gray goods improved markedly. Following the religious holiday, buying increased substantially and sales for the week were "comfortably" above mill output. On Tuesday, alone, an estimated 10,000,000 yards changed hands, with

prices strong in all divisions. Unlike raw cotton dealings, trading in gray goods appears to be under the influence of the wave of spending which has swept the country in recent months.

According to trade reports, cotton mill operations are edging forward, although actual capacity has been reached in many cases. The Department of Commerce reports September domestic consumption at 639,252 bales, as against 654,503 in August. After allowance for Sundays and holidays, however, average daily consumption was higher than in August.

The United States exported 34,000 bales

of cotton last week, somewhat better than recently, although still disgustingly small. For the season to date exports are 174,000 bales, as compared with 1,110,000 bales last year (wartime demand) and 829,000 two seasons ago.

With most Southern cotton growers flocking to the loan for financial support, it is heartening to find one group of cotton growers who don't need the loan and don't want the loan. These are the sea island-cotton growers in Central and North Florida and certain sections of Georgia. The boll weevil almost killed production of the long silky fibers a quar-

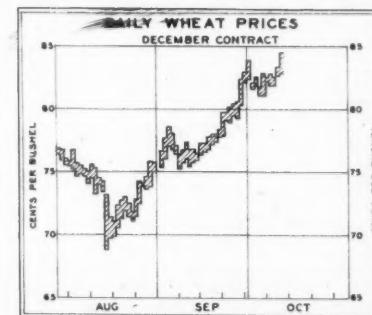
ter of a century ago, but it has come back fast in the last few years.

With fiber 1½ to 2 inches long, as against ½ or less for ordinary cotton, sea island sells for 30 cents a pound, as compared with under 10 cents for regular cotton. Production this year is estimated at a mere 5,000 bales. But it means good living for the lucky growers.

THE GRAINS

Last week was one of those rare periods when the speculators were right. For the past month or more many of them have been shouting higher prices. The reason: too much wheat going into the loan with the resultant scarcity in "free" grain. In Chicago wheat futures rose ½ to 1½ cents a bushel. In New York spot prices rose about 3 cents to \$1.04½. Encouraging to the bulls was the fact that prices rose easily, volume of trading being only 42,000 bushels (five days), compared with 70,000 bushels (six days) in the preceding week. Sometimes, of course, higher price on lighter volume is considered bearish. In view of the scarcity of offerings, however, it's bullish now.

Latest reports indicate that there are about 25,000,000 bushels of wheat available, the balance being tied up in the loan or not yet on the market. With annual domestic needs averaging 600,000,000 bushels, the present supply is obviously much too small. Mills have been heavy buyers of "free" grain, and in some sections of the Wheat Belt, especially Kansas City, the available supply is dwindling with startling rapidity. Under such circumstances, traders can hardly be blamed for expecting higher prices. Several weeks ago they figured wheat would start coming out of the loan when the December future hit 86 cents, or a little higher. Now they have revised the price upward and figure that 90 cents to \$1 will be needed. The December future closed last week at 84 cents, but rose ½ of a cent on Monday.



The most recent crop estimates illustrate how far off the estimates can go. The Winter wheat crop was planted on the smallest acreage in six years. Planting was followed by a long Winter drought and the Department of Agriculture's first estimate of the crop was 399,000,000 bushels, the smallest in three decades except for two years. But the drought was followed by ideal weather, the crop grew like a weed and after harvest the D. of A. placed the yield at 556,000,000 bushels. At the time of the first estimate many grain statisticians said the department's total was much too low. Speculators must have thought so, too, since the initial estimate was not followed by a bang-up bull market in wheat.

Chief news of the week was suspension of the wheat export subsidy to Far Eastern ports with the exception of the Philippines. In the last ten months about 10,000,000 bushels of grain have been shipped to the Far East under the subsidy program. Loss of the subsidy, consequently, will not greatly affect the American wheat

THE ANNALIST WEEKLY INDEX OF WHOLESALE COMMODITY PRICES (1926=100)



	Farm Products	Food Products	Textile Products	Fuels	Metals	Building Materials	Chemicals	Miscellaneous	All Commodity Index
1939.									
Oct. 14.....	75.6	71.5	75.3	87.2	99.2	72.3	85.8	76.6	81.4
1940.									
June 8.....	73.6	68.2	65.6	86.0	97.5	71.8	86.7	80.2	79.2
June 15.....	73.2	67.7	65.8	86.1	97.8	71.8	86.7	80.6	79.0
June 22.....	73.4	67.4	65.8	86.0	97.4	71.8	86.7	82.9	79.1
June 29.....	73.8	68.2	66.2	86.0	97.3	71.8	86.7	81.7	79.5
July 6.....	77.5	69.5	65.8	86.0	97.4	71.6	86.7	80.7	80.2
July 13.....	75.0	68.4	65.8	86.0	97.1	71.6	86.7	80.8	79.8
July 20.....	74.5	67.7	65.7	86.1	97.1	71.6	86.7	81.9	79.6
July 27.....	73.2	67.5	65.7	86.1	97.1	71.6	86.7	81.7	79.2
Aug. 3.....	72.1	67.0	65.8	85.6	97.1	71.6	86.7	79.9	78.6
Aug. 10.....	72.6	68.0	65.7	84.7	96.6	71.3	86.7	77.6	79.0
Aug. 17.....	73.0	69.1	65.3	84.7	96.5	71.3	86.7	77.0	79.0
Aug. 24.....	73.8	70.1	65.2	84.7	96.8	71.3	86.7	77.2	79.5
Aug. 31.....	73.6	71.9	65.2	84.7	96.8	71.3	86.7	77.1	79.1
Sept. 7.....	75.0	71.7	66.5	84.4	97.3	71.3	86.7	77.1	80.3
Sept. 14.....	74.3	71.6	66.6	84.4	97.3	71.3	86.7	76.6	80.0
Sept. 21.....	75.0	71.1	67.2	84.5	97.3	71.3	86.7	77.0	80.1
Sept. 28.....	75.3	70.6	67.4	84.4	96.0	71.3	86.7	77.3	80.2
Oct. 5.....	75.3	70.9	68.7	84.4	96.0	72.2	86.7	75.6	80.4
Oct. 12.....	75.7	71.6	69.8	84.4	98.0	73.6	87.1	79.0	80.9

Percentage changes for week from:

Last week..... + 0.5 + 0.9 + 1.6 0.0 0.0 + 1.9 + 0.5 + 0.5 + 0.6

Last year..... + 0.1 + 0.1 - 7.3 - 3.2 - 1.2 + 1.8 + 1.5 + 3.1 - 0.6

¹Revised.

SPOT PRICES OF IMPORTANT COMMODITIES

(New York Prices Except as Noted)

	Oct. 12, 1940.	Oct. 5, 1940.	Oct. 14, 1939.
Wheat, No. 2 red, c.i.f., domestic (bu.)	\$1.04%	\$1.03	\$1.02
Corn, No. 2 yellow (bu.)	.81%	.80%	.65%
Oats, No. 2 white (bu.)	.45%	.45%	.47½
Rye, No. 2 Western domestic c.i.f. (bu.)	.60%	.61½	.73%
Barley, malting (bu.)	.70%	.71%	.68
Flour, Spring patents (bbl.)	5.10	5.10	5.725
Cattle, good and choice heavy steers, average, Chicago (100 lb.)	12.68	12.48	9.81
Beef, good and choice, avg. Chic. (100 lb.)	6.127	6.02	6.91
Hams, smoked, 10-12 lbs. (lb.)	19.87	19.125	15.50
Pork, mess (100 lb.)	.175	.175	.19
Bacon, No. 1 dry cure, 6-8 lbs. (100 lb.)	16.75	16.75	20.75
Lard, steam, Western (100 lb.)	17.50	17.50	20.00
Sugar, raw, duty-paid (lb.)	5.30	5.20	7.20
Sugar, raw, duty-paid (lb.)	.0278	.0280	.0300
Coffee, Santos, No. 4 (lb.)	.0435	.0435	.0550
Cocoa, Accra (lb.)	.0674-.07%	.0674-.07%	.074-.07%
Cotton, middling upland (lb.)	.0441	.0434	.0530
Wool, tops (lb.)	.0933	.0947	.0916
Silk, 78% seriplane, Japan, 13-15 (lb.)	1.23	1.16	1.22
Rayon, 150 denier, first quality (lb.)	2.76	2.61	3.14
Yarn, 50 denier, first quality (lb.)	.53	.53	.53
Worsted yarn Bradford, 2-40s, halfblood weaving (lb.)	1.65	1.65	1.77½
Cotton yarn, carded 2-20 warp (lb.)	.271%	.261%	.28½%
Print cloth, 38½-inch, 64x60, 5.35 (yd.)	.05%	.05%	.05½
Cotton sheeting, brown, 36-inch, 56x60, 4.00, unbranded double cuts (yd.)	.06	.06	.06½
Hides, light native cows, Chicago (lb.)	.13	.13	.15½
Leather, union backs (lb.)	.32	.32	.38
Rubber, plant's ribbed smoked sheets (lb.)	.2037	.1968	.2010
Petroleum, crude, at well, Oil, Paint and Druggist avg. for 10 fields (bbl.)	1.1570	1.1570	1.505
Gasoline, at refinery			
Oil, Paint and Drug Reporter avg. for 4 refineries (gal.)	.0617020	.0517020	.053875
Pig iron, Iron Age composite (gross ton)	22.61	22.61	22.61
Finished steel, Iron Age composite (100 lb.)	2.261	2.261	2.236
Steel scrap, Iron Age composite (gross ton)	20.54	20.54	23.08
Copper, electrolytic, delivered Conn. (lb.)	.12	.12	.1262
Copper, export, f. a. s. (lb.)	.1045	.1005	.125
Lead (lb.)	.0525	.0525	.0552
Tin, straits (lb.)	.5175	.5100	.55
Zinc, East St. Louis (lb.)	.0726	.0725	.0660
Silver, Handy & Harman official (oz.)	.34%	.34%	.37½
Cottonseed oil, crude, bleachable, s. e. immediate (lb.)	.0445	.0445	.058125
Paper, newsprint contract (ton)	50.00	50.00	50.00
Paper, wrapping, No. 1 Kraft (lb.)	.0650	.0550	.05

¹Prices for previous Friday.

OCT 17

Investment Outlook

Continued from Page 493

market continued to fall at a fairly rapid pace until the last of June, when a recovery set in. It was in the fourth week in July, about the time the intensive air raids started, that the remarkable strength of British stock prices relative to American began to develop. In that week English stock prices advanced sharply, although our own market made practically no change. In the third week in August heavier German air raids on London produced a moderately substantial reaction in New York stocks, but during this same week British stocks advanced to new high levels. Early in September another sharp reaction developed in the New York stock market on the news that the great German invasion was at last about to begin, but although there was a recession in the London market, it was slight. Early in October our own stock market again reacted, apparently as a result of war developments, while the advance in London accelerated.

American Nervousness Unjustified?

It is a little hard to justify this extreme nervousness of American investors. It would seem that the very considerable material damage which is resulting from air bombing in England and the accompanying slowing down of trade would of themselves justify the London market in declining even with no allowance for the possibility of losing the war. Yet some English stocks are not far from where they were at the beginning of May. On the other hand, business in the United States is being stimulated by armament expenditures. Dividend returns from stocks are at a favorable level in relation to bond yields. Price-earnings ratios are low; there is a large volume of idle capital, and the difference in extent between the English Channel and the Atlantic Ocean requires no comment. Yet American investors are apprehensive and sell stocks on any piece of unfavorable news, while British stocks continue to advance.

One possible explanation is that, over part of this period at least, English investors were much better informed on what was actually going on than were American. It is probable, however, that part of the nervousness of the American markets results from the fact that this is a Presidential year. No doubt also the repeated shocks that American investors have been called upon to withstand during the past ten years have had a cumulative effect and have finally resulted in a state of extreme nervousness. The thinness of the markets has contributed to the difficulty.

Whatever the explanation, the fact remains that the London market has given a remarkable demonstration of strength in the face of most trying conditions. If past experience can be accepted as a guide, this augurs strongly against the war ending unfavorably for Great Britain.

Business and financial conditions in this country have been unusually favorable from an investment standpoint. After the rapid expansion in business in May and June there was a short readjustment, but in August the upward trend was resumed in a vigorous fashion and by the end of the quarter business activity had been carried up to a point a little above the 1939 high record. Prices of leading raw materials, which are often of significance from a security market standpoint, have advanced during the past two months.

One of the outstanding favorable features of the situation has been the persistent strength in high-grade bond prices. Up to the middle of July, high-grade bond prices had recovered all but a small part of their May decline. After such a rapid advance and at that season of the year

one would have expected a fairly substantial reaction to develop. Actually, however, bond prices remained fairly stable up to the middle of August, and then began another advance which has carried high-grade rails up to a new high level for the year. This strength in bonds shows that although investors do not have confidence enough to purchase stocks aggressively, they are anxious to invest funds. A little further extension in confidence would mean heavier buying of stocks.

If recent tendencies in business have been favorable, the longer-term fundamentals are even more strongly so. Investment funds continue to accumulate. The tremendous shortages of equipment goods built up during the depression are still in existence.

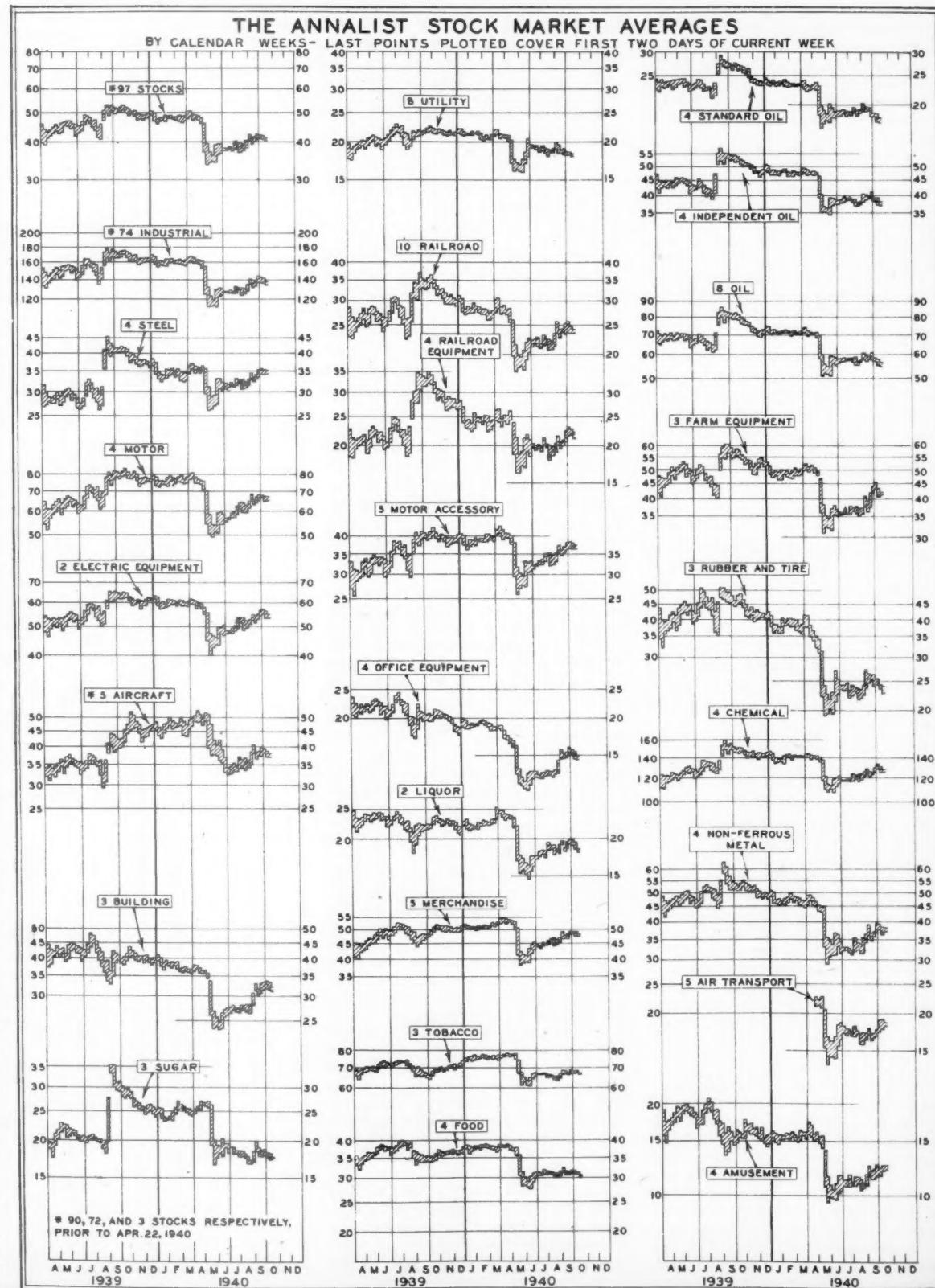
Naturally, a very important factor in the immediate business situation is the cer-

tainty that orders for armament will continue to expand for some little time. Naturally, a business expansion based upon this type of demand is far less sound than one resulting from natural causes. Nevertheless, the armament program is likely to serve as a stimulating, or at least sustaining, influence over a considerable period.

Taxes

The unfavorable side of the armament boom is to be found in the increase in taxes that it necessitates. The recently enacted Excess Profits Tax Law will probably be amended during the next year, perhaps substantially. As it stands, it is calculated to discourage plant expansion except that rather closely related to armament production. The effect on different industries varies substantially. As pointed out by the writer in an article in THE AN-

NALIST of Oct. 10, the machine tool and aircraft industries will suffer most. Railroads and air lines, on the other hand, are almost free from the effect of the tax and certain railroad equipment companies are in a very strong position. In other industries, most companies will be affected moderately. From the standpoint of the security investor, the excess profits tax is not of serious importance when considered against a medium level of earnings such as reported for the year ended June 30, 1940. A tax of 62 per cent places a serious barrier to the expansion of earnings beyond the exempt base, but a study of the leading companies in their best quarter during the past five years, after adjustment for the profits tax, shows that in most cases substantial gains in earnings will still be possible under favorable conditions.



OCT 17

CANADA

At the End of the First Year of War: The Military And Economic Situation

By S. L. MILLER

THE ANNALIST has been carrying weekly accounts of the Canadian war effort since the beginning of World War II. Having passed its first birthday, the occasion is appropriate to survey this effort in its entirety, to bring together the various details so as to present the whole, broad picture. At the same time, some measure of the progress of rearmament may be had and deficiencies, if any, pointed out. Finally the effects on the Canadian economy and on the United States may be seen.

Canada declared war on Germany on Sept. 10, 1939, one week after the British and French entered the conflict. Among the first agencies set up by the Dominion Government were the Foreign Exchange Control Board and the War Supply Board. A new war budget was introduced into Parliament and passed by Sept. 12, 1939. In it defense expenditures were increased enormously.

Political Organization for War

As the war proceeded the governmental organization became more and more complex. At its head remained the Cabinet, under which was formed a so-called War Committee composed of the Prime Minister, the leader of the Government in the Senate and several Ministers, including those of Finance, Justice, National Defense, Mines and Resources, Munitions

and Supply and National Defense for Air, and presumably the new Ministries of National War Services and Naval Affairs. Special Economic Defense Committees have been formed to assure the smooth flow of adequate supplies and also to exercise closer control over the economic system in order to prevent inflation and undue price increases. Among these committees are War Finance and Supply, Food Production and Marketing, Wheat, Fuel and Power, Shipping and Transportation and Price Control and Labor. Some of the more important control agencies which have been an outgrowth of these committees or which are subsidiaries and smaller and more compact units are the Wartime Industries Control Board (now absorbed into the Department of Munitions and Supply), which has widest powers of control over the steel, oil, power, timber, machine tools and non-ferrous metals industries; the Foreign Exchange Control Board, the Inventions Board, Agricultural Supplies, Shipping and the Wartime Prices and Trade Board (with its sugar, hides and leather, wool and coal administrators).

The political set-up is complex even though the line of authority appears pretty clear and simple. Authority flows from the Cabinet to the war committee to the special committees and thence to the various boards. Yet the latter are related to and come under the permanent department heads. Provision is made for supervision of the entire economic system, but the powers of control have rarely been used. They haven't had to be. Most industrialists have cooperated whole-heartedly. The only widely publicized attempt at government coercion took the form of threats of action against bakers for raising the price of bread when a processing tax was imposed on wheat destined for domestic consumption. Very little has had to be done in the way of price fixing. Wheat is a notable exception, the Wheat Board having pegged the price at 70 cents a bushel on May 18, 1940.

The Army

At the present time the Canadian Active Service Force totals 166,600 men, expanded from 5,000 at the start of the war. Of this number there are some 52,000 overseas

seas comprising the First and Second Divisions plus ancillary troops in England and garrisons in Iceland, West Indies and Newfoundland. The other 115,000 are in Canada. A third division is being concentrated under a new Atlantic Command, and a fourth which is now in training in various camps is destined to guard the Pacific area. Reinforcements and replacements for the active divisions in Britain in the number of 13,000 are also in training. A fifth division is in the making, and an armored corps is also in the process of formation.

Canada, too, has its National Guard, only it is called the Non-Permanent Active Militia. The N. P. A. M. numbers more than 107,000. These men formed the nucleus of the C. A. S. F. Another 300,000 men will be added to the militia within a

TABLE I. DISPOSITION OF THE CANADIAN ACTIVE SERVICE FORCE

Overseas:	
1st and 2d divisions in England plus garrisons in Iceland, West Indies and Newfoundland	52,415
In Canada:	
3d and 4th divisions	28,500
Reinforcements for overseas troops in training	13,000
Coast defense duty	13,000
District and regimental depots	9,000
Guards at vulnerable points	2,600
Veteran guards	6,500
Additional infantry and other services	42,000
Total	114,600
Grand total	167,015

CITADELS OF COMMERCE

It was entirely natural that the United States and Canada, both having rich soil and an abundance of other natural resources, should develop a type of national life that is much more interested in commerce than in conquest. Linked by language and living habits, and actuated by a sincere friendliness toward each other, these countries have been free to bend their best energies toward the building of great North American citadels of industry and trade.

Canada affords to American industry a great market outlet, an equally great source of supply, and an extensive field for investment and enterprise. On any matter concerning trade relations with Canada, business men of the United States are cordially invited to consult the Canadian Trade Commissioner stationed nearest them.



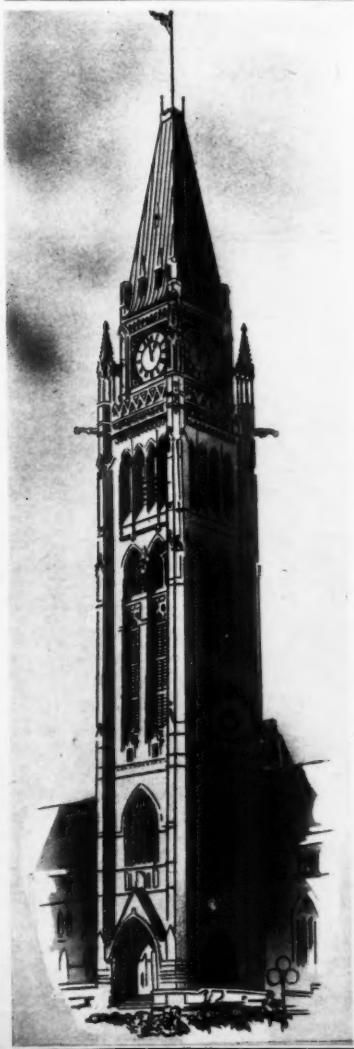
CANADIAN TRADE COMMISSIONERS IN THE UNITED STATES

Under the direction of the Department of Trade and Commerce, Ottawa, Canadian Trade Commissioners are posted where they can be quickly contacted by United States manufacturers and importers. There are three Commissioners, as follows: Mr. D. S. Cole, British Empire Building, Rockefeller Center, New York City; Mr. W. J. Riddiford, 435 North Michigan Avenue, Chicago; Mr. B. C. Butler, 510 West Sixth Street, Los Angeles.

DEPARTMENT OF TRADE AND COMMERCE

Hon. James A. MacKinnon, M.P., Minister

Ottawa, Canada



Caribbean. The armed merchant cruiser Prince Robert recently captured the fast Nazi freighter Weser off the coast of Mexico.

The R. C. N. is undoubtedly small, especially in relation to the miles of coastlines to defend. One explanation for this limited size is seen in that the naval appropriation for the fiscal year 1939-40 was only \$8,500,000. The 1940-41 appropriation was raised sharply to \$123,400,000, and this amount has already been considerably exceeded.

The Air Force

The Royal Canadian Air Force started the war with a personnel of 450 officers and 4,000 airmen. On Sept. 15, 1940, the number of flyers had risen to 1,950 officers, 23,000 airmen, or 24,950 in all. The R. C. A. F. has three important duties: coastal patrol and convoy protection, actual service flying in England and the administration of the British Commonwealth Air Training Plan. Progress in the development of the air force is indicated in Table III.

TABLE III. PERSONNEL OF THE ROYAL CANADIAN AIR FORCE

	Officers	Airmen	Total
Sept. 10, 1940	450	4,000	4,450
Mar. 31	1,223	9,187	10,410
April 30	1,307	10,824	12,131
May 31	1,418	12,331	13,749
June 30	1,631	15,870	17,501
July 24	1,765	17,688	19,453
Sept. 15	1,950	23,000	24,950

Canada's greatest single contribution to the war is centered, of course, in the air training plan. This scheme was originally estimated to cost \$600,000,000, of which Canada was to provide \$350,000,000. The speed-up in the plan after the German victories of the Spring and Summer will probably add to the costs. Canada is to furnish 80 per cent of the men to be trained as air pilots, observers and gunners. On Sept. 15, 1940, there were in training some 2,100 pilots, 1,000 air observers and 1,400 gunners. The training courses have been shortened, as part of the speed-up, to twenty-five weeks for pilots and twenty-six weeks for observers and gunners. In addition, there were some 7,500 men training to be mechanics and service and maintenance men. Inasmuch as it was estimated that 40,000 men would be required to operate the various facilities and administer the program, it obviously will be some time before Britain will be furnished with flyers. Most of the graduates will have to (and have) become instructors. There were about 16,000 on the operating staff as of Sept. 15, 1940.

The schedule of construction, as finally adopted in December, 1939, has been exceeded. In Table IV the proposed program and actual accomplishments are shown. The most important facilities, of course, are the flying schools, and it is just here that the program is farthest behind the ultimate goal. Of the eighty-three schools to be built by 1942, when the plan is to reach the peak of training, only thirty-two were operating as of Oct. 1, 1940, although by the end of the year this number will be raised to forty-eight (as against thirty-six originally planned).

Of the eighty-three institutions of learning contemplated, seventy-four will be actual schools for airmen—pilots, observers and gunners. There are to be four initial training schools for all crews, twenty-six elementary flying and sixteen service flying schools for pilots, ten bombing and gunnery schools for all airmen, ten air observer and two air navigation schools for air observers and four wireless schools for air gunners. The other nine schools will train mechanics, inspectors, etc.

The débâcle starting in May forced the United Kingdom temporarily to stop delivery on training planes. Canada was thereby compelled to step up its own meager production of planes, which are now being made at the rate of about 1,500 a year, and to look to the United States for

more planes. At the peak of the Empire Training Plan, according to Baldwin, 4,000 planes will be needed, of which there are about slightly more than 1,000 on hand today. Many of them are not suitable for training, in the view of that observer.

TABLE IV. R. C. A. F. FACILITIES UNDER THE BRITISH COMMONWEALTH EMPIRE TRAINING PLAN

	Scheduled to be Operating Oct. 1	Total in Oct. 1	Under Original Plan	Actually Operating	Com- plete Plan.
Recruiting centers	20	20	20	20	20
Training commands	4	4	4	4	4
Equipment depots	4	4	4	4	4
Repair depots	2	1	4	1	4
Technical detachments	0	0	4	0	4
Schools (total)	25	32	30	4	4
Initial training	2	2	4	2	4
Elementary training	4	8	26	3	16
Service flying	3	3	10	3	10
Air observers	3	3	10	3	10
Wireless	2	2	4	2	4
Bombing and gunnery	1	1	10	1	10

Although the bulk of the graduated airmen are being used as instructors, and so few get to see action over England and Western Europe, a large and larger number of airmen are expected to cross the ocean as time goes on. When the peak of training is reached in late 1941 or early 1942, about 8,500 new pilots and about 15,000 air gunners and observers will be added to the Royal Air Force in Britain each year.

Munitions and Supply

Since the beginning of the war some \$325,000,000 of contracts have been let through the Department of Munitions and Supply. They involved 34,000 individual contracts with 4,400 Canadian firms. The average value was \$9,600 per contract. Approximately 90 per cent of these orders were placed in Canada, only 3 per cent in the United States and the rest in the United Kingdom. The obvious inference is that most of the business done between the United States and the Dominion was carried out through private Canadian firms working on government orders.

In addition to the \$325,000,000 of contracts awarded by the Canadian Government are British Government purchases in the amount of \$100,000,000, a total of \$425,000,000, or about 10 per cent of the 1940 national income. Construction projects, furthermore, have been undertaken for both governments in the sum of \$226,000,000 (35 per cent British). These are divided into the industrial classes shown in Table V. Armament factories were the largest group, explosives and chemicals second, and ammunition plants third.

TABLE V. CANADIAN GOVERNMENT PLANT CONSTRUCTION (Sept. 1939-Sept. 20, 1940)

Armaments	\$66,930,000
Explosives and chemicals	53,360,000
Ammunition and its components	20,730,000
Automotive	4,790,000
Base metals, aircraft, misc.	65,050,000
Total	\$225,860,000

The effects on the Canadian economy have been noticeable. The physical volume of production has reached new heights, construction contracts awarded have come within the 1930 levels, particular industries have been operating at capacity (iron and

steel, machine tools, shipbuilding, aircraft manufacturing, petroleum and power outputs, to mention a few). But the consumers' goods industries have not experienced anything like the expansion of the heavy industries, the production and sale of motor vehicles for domestic use having been curtailed in the last few months. Commodity prices have remained stable after some run-up in the first few months of the war. Imports, especially from the United States, rose to new heights. American iron and steel, machine tools, aircraft and other machinery industries have been stimulated most. Exports to Canada of war materials and products are shown in Table VI.

The Canadian economy itself is largely an agricultural and raw-material-producing economy, agriculture and mining being particularly important branches of Canadian industry. Although manufacturing is the leading occupation, plant capacity in Canada is not large enough to make the Dominion a large factor in the British Empire war effort. Additional capacity is needed even in such normally peacetime industries as iron and steel.

Canada's chief contribution is therefore likely to be the training of airmen and feeding of Britain and providing of certain essential nonferrous metals. The Dominion is more than self-sufficient as regards food and such metals as nickel, copper, lead and zinc. Canada has ample supplies of power, and coal production is sufficient for needs, too. But she lacks oil in large quantities (the Turner Valley field has about reached its peak of 650,000 barrels a month), iron ore, rubber and tin. Sugar, tea and coffee are also lacking, but they are not important military commodities and may be dispensed with.

In the production of military equipment it has been noted that Canadian output of airplanes is small. Expectations of producing about 350 planes a month are likely to be disappointed. Shipyards are capable of turning out only the smaller naval vessels, and capacity is not very large. Airplane engines are about to be built. Personal equipment for the services is produced in satisfactory quantities, as are rifles, small arms and gas masks. Production of Bren guns has increased spectacularly in the last few months, but the volume is not yet large. Nor is that of tank production, which it is hoped will reach three or four a day. About 800 are on order.

Artillery output is minor. Quantity production of the new 25-pounder field gun is expected to be reached by the end of 1941. Output of anti-aircraft and anti-tank guns and ammunition is small. The most serious bottlenecks are in skilled labor, especially mechanics; aluminum, in airplane and engine output, and machine tools. Instruments and optical equipment are others. Canada has no torpedo factory.

Paying the Piper

National defense expenditures in the

fiscal year ended March, 1941, were budgeted at \$700,000,000 and non-defense items at \$448,000,000. Tax and other receipts are looked for to yield \$650,000,000, leaving a deficit of \$600,000,000. Practically all of this potential deficit has been met through the sale of bonds to the public. Income-tax rates have been raised sharply in all income brackets and exemptions lowered. A flat tax of 3 per cent on incomes of all bachelors and 2 per cent for married men on all incomes above \$1,200 per annum has been imposed, and the tax is collected at the source just like the Social Security tax in the United States. Excess profits taxes have been increased from 50 per cent to 75 per cent of all corporate net earnings over a base period. But no excess profits tax may be less than 12 per cent of total net income. Since the corporate income tax is 18 per cent, the minimum tax paid by corporations in Canada is now 30 per cent.

For the most part, the Canadian war effort has been substantial. Delays have been encountered, but they have been more the fault of the British than of the Canadian Government. Although the peak of war production and air training is more than a year off, the record so far is not bad when one considers that it took the Nazis more than six years to manufacture their war machine. In any event, the Canadian war effort is not likely to be decisive except in the pilot-training program. The country's resources and economic development are limited; its population comparatively small. In relation to its limited economic capacity, however, one can rest assured that Canada's contribution to the cause of liberty and democracy will be substantial.



The
SUN LIFE OF CANADA
and its
UNITED STATES POLICYHOLDERS

TRUST FUNDS of over \$300,000,000 are held within the United States for the exclusive benefit and protection of the hundreds of thousands of American policyholders and beneficiaries of the Sun Life of Canada. In the foremost rank of life assurance on the North American Continent for over three generations, the Sun Life of Canada today maintains a complete policyholder service in the United States, operating under the strict laws and supervision of every one of the 39 States where its branches are established.

**Sun Life
of Canada**

	Table VI. United States Arms Exports to Canada (Thousands of dollars)					
	Heavy Arms	Military Aircraft	Small Arms	Non-Military Warfare Equip.	Chemical plosives	Number of Aircraft-Planes Eng.
1939.						
January	1	..	45	35	82	3 4
February	1	..	17	11	31	3 2
March	3	..	49	15	68	1 6
April	2	..	122	50	174	8 4
May	4	..	97	10	112	3
June	7	..	6	23	37	2 4
July	6	..	58	16	83	10 2
August	10	..	86	28	125	15 1
September	3	37	26	107	174	5 7
October	..	..	..	..	..	..
November	3	426	2	36	540	16 10
December	60	268	3	114	31	2 43
Total	102	1,304	12	1,193	2,971	68 83
1940.						
January	1	402	2	122	8	535 14 15
February	4	805	1	110	32	651 11 24
March	8	..	87	36	164	11 15
April	39	177	1	169	24	411 5 43
May	117	53	1	326	21	518 6 66
June	41	224	2	522	31	820 27 26
July	122	1,228	75	3,110	29	4,565 87 315
August	853	1,887	26	1,331	15	4,112 75 106
Less than \$500.						

Financial News of the Week

SINCE the makers of office equipment, as a class, have been dependent to an unusual degree on exports, the war has not tended to simplify their problems any. However, the degree to which individual companies have depended on exports has varied greatly according to the type of equipment made.

Moreover, some companies have succeeded in expanding not only their domestic sales but also their exports to Latin American countries. So what they have lost in one place they have been making up in another. The immediate domestic outlook is, of course, bright not only because of the pick-up in business activity generally but because the defense program is greatly expanding the volume of paper work in both government departments and war industries.

Most of the revenue of International Business Machines Corporation comes from leasing electrically operated machines for sorting, tabulating and compiling statistical data. Sales of the cards involved in these operations are understood to account for about one-third of the gross.

Foreign business has not been so important, amounting to only 5.1 per cent of net income, after blocked profit reserves, in 1939. It has been estimated that a moderate increase in domestic sales would more than offset any reduction in foreign sales and profits.

In the six months ended June 30 net income amounted to \$958,364, or \$1.07 per share as against \$569,549, or 67 cents per share in the corresponding period of 1939. This is after deduction of foreign blocked profits.

Remington Rand, Inc., while making a full line of office equipment, derives about 75 per cent of its sales from the typewriter, indexing equipment and cabinet field. About 35 per cent of its sales have been export. Most of the manufacturing is done in this country but plants are owned in Germany, England, India and Canada.

The outlook for European sales is poor, of course, but this is being more than offset, it is reported, by domestic gains and larger sales in Latin America.

For the first half of 1940 the company reported net income amounting to \$1,765,998, or 85 cents per share. Net in the first six months of 1939 was \$473,260, or 4 cents per share.

Besides making cash registers—in that field it's the world's largest—National Cash Register Company makes accounting machines and specialties. Its products have been distributed over a world market, nearly 50 per cent of its sales having been foreign. The British and South American are its principal foreign markets. Plants are maintained in Toronto, Buenos Aires, Berlin and Tokyo.

Net income in the first half of this year amounted to \$1,099,831, or 68 cents per share, as against \$1,188,369, or 73 cents in the corresponding period of 1939.

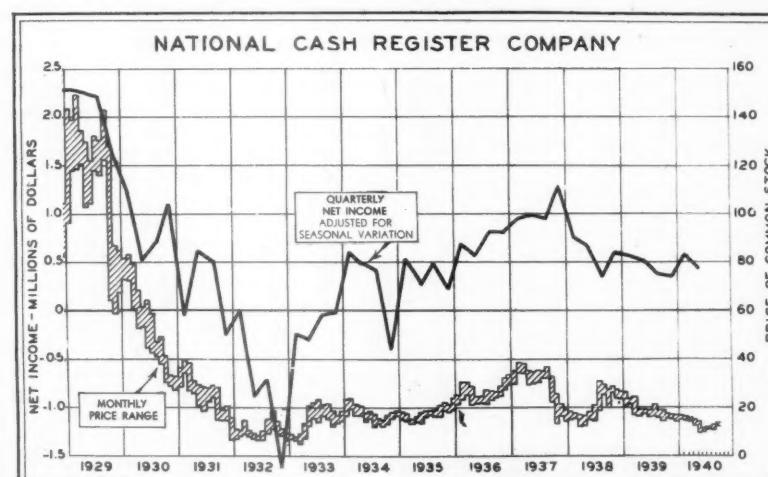
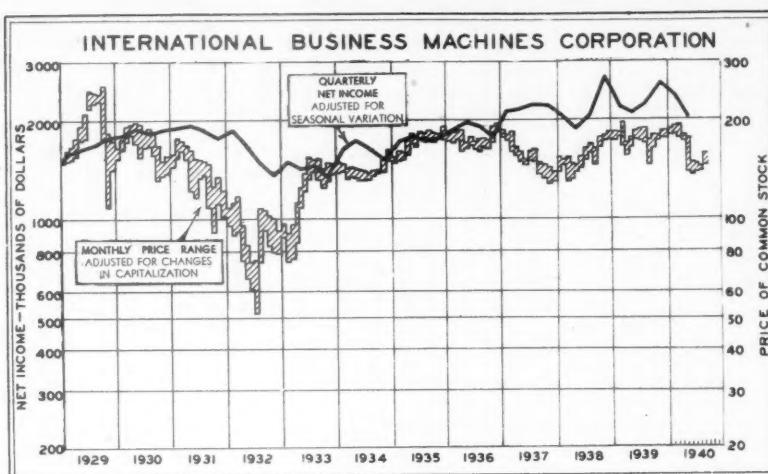
The company has a hand in the defense program, receiving recently a munitions order amounting to \$542,229 and another totaling \$224,000.

INDUSTRIES

Figures in Parentheses Give Date of Last Previous Item

Aluminum Company of America (8-22-40)—National Defense Advisory Commission announced that this company will add three units to its new ingot aluminum plant at Vancouver, Wash., increasing capacity there by 90,000,000 pounds a year. About 100,000 kilowatts of additional power will be taken from Bonneville Authority to supply the new units.

R. A. Hunt, president, commenting on statement by the NDAC as to increased



facilities to be provided by various producers and fabricators of aluminum, said that company is expanding much more rapidly for defense purposes than it would do for normal growth and had allocated more than \$150,000,000 for expansion to meet defense requirements. It would do its own financing.

American Car and Foundry (10-3-40)—War Department has awarded a \$6,040,000 contract to this company for munitions. Wheeling & Lake Erie has ordered 200 fifty-ton box cars from the company. Indianapolis & Louisville has ordered twenty fifty-ton ballast cars.

American Locomotive (10-10-40)—Wheeling & Lake Erie Railway Company has ordered seven Berkshire locomotives from this company.

American Woolen (10-10-40)—Company announced advances of 5 cents a yard, the second since the opening, on several of its tropical worsted styles.

Bendix Aviation (10-3-40)—Unfilled orders as of Aug. 31, 1940, totaled \$69,000,000, compared with approximately \$45,000,000 on June 30, 1940, and with \$37,000,000 on Dec. 31, 1939.

Bethlehem Steel (10-3-40)—Navy Department has authorized Bethlehem Steel Company,

operating subsidiary, to spend \$52,513,200 of government funds on expansion of shipbuilding and plant facilities to speed up the "two-ocean navy" program.

Case (J. I.) (2-8-40)—War Department has awarded a \$4,634,500 contract for ammunition components to this company.

Curtiss-Wright (10-3-40)—Navy has awarded a \$3,600,000 contract for an undisclosed number of aircraft to St. Louis airplane division of this company.

du Pont (10-10-40)—Company has announced that a second plant for the manufacture of nylon yarn would be built at Martinsville, Va., at an estimated cost of \$11,000,000. Full production is expected by Spring of 1942.

Fairchild Aviation (10-10-40)—Unfilled orders as of Aug. 31, 1940, totaled \$5,343,345, against \$1,616,054 a year ago and \$1,934,200 at close of 1939.

Flintkote (10-10-40)—Company will spend nearly \$1,000,000 to enlarge capacity of its wallboard plant at Meridian, Miss., from the originally planned 65,000,000 square feet a year to 100,000,000 board feet.

General Railway Signal (8-28-40)—Company has received a \$2,975,000 contract for ammunition components from War Department.

General Steel Castings—Negotiations by British Government with this company for cast armor to be used on British tanks are understood to be nearing completion and formal contract is expected to be signed shortly.

Hoe & Co. (8-22-40)—Company announced that defense orders exceeding \$4,000,000 had been received and that it shortly will erect a welding plant for the manufacture of recoilers for guns and gun parts for the Navy Department.

Northrop Aircraft (6-27-40)—Company plans expansion of facilities to an extent that would double the size of its 200,000-square-foot factory. Unfilled orders exceed \$20,000,000.

Pullman (10-10-40)—Wheeling & Lake Erie has placed an order with Pullman-Standard for 300 fifty-ton box cars. Tennessee Central has ordered sixty-five hopper cars.

Remington Arms (10-3-40)—Announcement was made of the award of a \$1,675,737 government contract to this company for small arms ammunition.

Republic Aviation (9-19-40)—Approximately 100 dive bombers originally built for Sweden by this company will be shipped to Great Britain in the near future. It was said that seventy-five of the planes, worth more than \$60,000 each, had been crated and were ready to be placed aboard ships bound for Britain.

Reynolds Metals (10-3-40)—National Defense Advisory Commission announced that construction is expected to start immediately on new ingot aluminum plant of this company at Sheffield, Ala. Production is expected to be begun by July, 1941. Estimated capacity of the plant is 60,000,000 pounds a year.

RFC is financing the project through a \$15,800,000 loan secured by an equal amount of Reynolds Metals 4 per cent serial first mortgage bonds, maturing \$500,000 each on Aug. 1, 1941, and Aug. 1, 1942; \$750,000 on each Aug. 1 from 1943 through 1954.

Standard Oil (New Jersey) (10-3-40)—State Tax Commission reported the grant of a ten-year general tax exemption to Standard Oil Company of Louisiana, subsidiary, for new construction at Baton Rouge to include a \$3,000,000 catalytic cracking unit for its refinery and a \$2,800,000 synthetic rubber plant to process 10,000 pounds of perbuna rubber day from petroleum.

Swift & Co. (1-25-40)—Company is arranging to call Nov. 15 for payment \$10,000,000 of its outstanding \$36,000,000 first mortgage 3 1/2 per cent. Retirement will be provided from cash resources.

United States Steel (10-3-40)—War Department announced the award of a \$3,365,000 contract to National Tube Company, subsidiary of this company, for ammunition components. Navy Department has placed a \$4,326,464 contract with Carnegie-Illinois Steel Corporation, another subsidiary, for steel. Navy Department has authorized Federal Shipbuilding and Dry Dock Company, subsidiary, to spend \$5,500,000 of government funds for extension of ways, on tools and on warehouse facilities. Carnegie-Illinois has been authorized to spend \$5,364,000 for furnaces, buildings and machine tools. Expansion is designed to expedite the "two-ocean navy" program.

Western Electric—Announcement was made of the award of a \$3,585,954 War Department contract to this company for radio set components.

Wright Aeronautical (10-10-40)—Announcement was made of the award of a \$1,042,866 War Department contract to this company for maintenance parts.

Wright Aeronautical (10-10-40)—War Department announced the award of an \$81,569,140 contract for airplane engines to this company. Part of the order was allocated to the Navy under an agreement by which all orders for Wright engines, both Army and Navy, were placed by the War Department.

RAILROADS

New York Central (9-19-40)—This system has placed orders for \$6,850,000 of rail and accessories for 1941 delivery. Rail order has been divided among Bethlehem Steel, Carnegie Illinois Steel Corporation, subsidiary of United States Steel, and Inland Steel Company and Algoma Steel Corporation, Ltd.

Southern Railway (10-10-40)—Company has placed an order with Tennessee Coal, Iron & Railroad Company, subsidiary of United States Steel Corporation, for 30,000 tons of rail and accessories, costing \$1,750,000, for 1941 delivery.

Tennessee Central Railway—Company has placed a contract with Pullman-Standard Car Manufacturing Company, subsidiary of Pullman, Inc., for sixty-five hopper cars.

Wheeling & Lake Erie (1-4-40)—Company has ordered new equipment costing approximately \$2,500,000.

UTILITIES

Pacific Lighting Corporation (5-17-39)—Early consolidation is contemplated of Southern California Gas Company, Southern Counties

NOTE: THE ANNALIST uses for these pages the following standing footnote: "Subject to revision. All other footnotes appear immediately below each table. Latest revised data given for previous week or month, and year."

Business Statistics

RATE OF OPERATIONS IN THE STEEL INDUSTRY											
As Estimated by											
Week Ended	U. S.	Begin.	Iron & Steel	Week Ended	N. Y.	Iron	Met.	Week Ended	U. S.	Begin.	Iron & Steel
Oct. 23, 1940.	91 1/2	91	91	Oct. 16, 1940.	90 3	Oct. 21, 91	91	Oct. 17, 1940.	91	91	91
Sept. 2, 1940.	93 1/2	91 1/2	91 1/2	Aug. 26, 1940.	91 3	Aug. 31, 91 1/2	91 1/2	Aug. 27, 1940.	91 1/2	91 1/2	91 1/2
Sept. 9, 1940.	79	88	84	Sept. 2, 1940.	82 5	Sept. 7, 82	82 1/2	Sept. 3, 82	83	83	83
Sept. 16, 1940.	95 1/2	92	93	Sept. 9, 1940.	91 9	Sept. 14, 93	92 1/2	Sept. 10, 92 1/2	92	92	92
Sept. 23, 1940.	96	92 1/2	93 1/2	Sept. 16, 1940.	92 9	Sept. 21, 93	93	Sept. 17, 93	93	93	93
Sept. 30, 1940.	94	93 1/2	92 1/2	Sept. 23, 1940.	92 5	Sept. 28, 92 1/2	93	Sept. 24, 93	92	92	92
Oct. 7, 1940.	95	92 1/2	93	Sept. 30, 1940.	92 6	Oct. 5, 93	93	Oct. 1, 93	93	93	93
Oct. 14, 1940.	95 1/2	94	94 1/2	Oct. 7, 1940.	94	Oct. 8, 94	94	Oct. 8, 94	94	94	94
Oct. 21, 1940.	94	94 1/2	94 1/2	Oct. 14, 1940.	94 4	Oct. 19, 94 1/2	94 1/2	Oct. 15, 94 1/2	94 1/2	94 1/2	94 1/2

2 OIL REFINERY ACTIVITY AND STOCKS (18)

(Estimated for entire industry; thousands of barrels. P. C. of capacity reporting companies only. Gasoline production, including cracked, straight run and natural blended. Petroleum stocks estimated from Bureau of Mines data. Gasoline stocks include both finished and unfinished gasoline.)

Week Ended	Average P. C.	Total Stocks	Crude Runs to Still	Daily Capacity	Gasoline	Crude Petroleum	Gaso.	Gas and Fuel Oil
Oct. 14, 1940.	3,600	85.6	12,093	229,870	71,263	153,547		
Sept. 7, 1940.	3,500	81.0	11,460	262,716	84,294	153,585		
Sept. 14, 1940.	3,580	83.1	11,724	262,475	83,300	155,783		
Sept. 21, 1940.	3,680	85.7	12,135	262,209	82,960	155,354		
Sept. 28, 1940.	3,600	83.7	11,832	263,609	82,373	156,436		
Oct. 5, 1940.	3,565	82.2	11,760	263,551	82,256	156,151		
Oct. 12, 1940.	3,555	82.2	11,914	261,927	81,927	157,192		

3 PERCENTAGE CHANGES IN FREIGHT CAR LOADINGS WEEKLY

(Percentage changes from corresponding week of previous year)

Week Ended	N. Y. C. Penn.	N. H. N. & W.	B. & O.	C. & O.	Atch.	Pac.	Sou.	Un.	Un.	Un.	Un.
Aug. 10, 1940.	+14.2	+15.8	-2.4	+4.7	+16.1	-1.3	+3.3	+2.8	+9.0	+7.2	
Aug. 17, 1940.	+16.1	+21.0	+0.5	+5.2	+9.9	+4.7	+0.4	+3.4	+6.9	+5.7	
Aug. 24, 1940.	+9.5	+19.5	+2.8	+5.9	+15.1	+4.0	+2.5	+2.6	+5.1	+5.1	
Aug. 31, 1940.	+5.7	+15.0	+5.4	+7.1	+10.6	+1.1	+1.3	+0.6	+5.9	+4.3	
Sept. 7, 1940.	+8.0	+11.9	+4.1	+3.8	+8.4	+8.0	+2.3	+2.5	+6.6		
Sept. 14, 1940.	0.6	+8.9	-1.9	-1.5	-2.4	-11.6	-11.2	-4.1	-1.8	-9.4	
Sept. 21, 1940.	1.9	+1.1	-3.2	+2.4	+3.3	-7.0	-7.9	+6.1	+2.1	-8.9	
Sept. 28, 1940.	+5.0	-1.3	-5.1	-0.9	-1.1	-5.0	-9.3	+1.5	+1.7	-6.9	
Oct. 5, 1940.	-0.7	+2.4	-1.3	-9.5	+0.3	-19.5	-6.1	+5.6	-0.4	-9.3	
Oct. 12, 1940.	-0.9	-6.8	+1.1	-16.5	-8.9	-3.5	+2.2	-1.7			

4 FOREIGN EXCHANGE RATES WEEKLY

Demand rates where noted; all others cable. Belgium: 1 belga = 5 Belgian francs. France, Switzerland, Mexico: no official par; par shown is old par)

Par.	Country and Unit.	Oct. 12, 1940.	Oct. 5, 1940.	Oct. 14, 1939.	Oct. 12, 1940.	Oct. 5, 1940.	Oct. 14, 1939.	Oct. 12, 1940.	Oct. 5, 1940.	Oct. 14, 1939.	Oct. 12, 1940.
Finland (markka)	0.0205	0.0205	0.0205	0.0198	0.0192						
Greece (drachma)	0.0683	0.0683	0.0683	0.074%	0.074%						
Hungary (pengo)	1.950	1.950	1.950	1.805	1.800						
Italy (lira)	0.0505	0.0505	0.0505	0.0505	0.0505						
Portugal (escudo) demand	0.0402	0.0402	0.0402	0.0370	0.0369						
Rumania (leu)	0.0055	0.0055	0.0055	0.0073	0.0073						
Sweden (krona)	2.385	2.380	2.385	2.385	2.385						
Switzerland (franc)	2.320	2.308	2.308	2.289	2.284						
United Kingdom (pound sterling)	4.04	4.03%	4.04%	4.03%	4.04%						
Yugoslavia (dinar)	0.0235	0.0235	0.0235	0.0233	0.0233						
Canada (dollar) demand	8700	8538	8700	8456	9000	8868					
Mexico (peso) demand	2.085	2.080	2.080	2.070	2.080	2.075					
Argentina (paper peso) free market	2.360	2.345	2.370	2.335	2.375	2.375					
Brazil (milreis) free market	0.0515	0.0515	0.0515	0.0515	0.0515	0.0515					
Chile (peso) official	0.0400	0.0400	0.0400	0.0400	0.0519	0.0519					
Colombia (gold peso)	5.700	5.700	5.700	5.700	5.800	5.800					
Peru (sol)	1.600	1.600	1.600	1.600	1.900	1.900					
Uruguay (gold peso) free market	3.750	3.750	3.725	3.725	4.000	4.000					
Hong Kong (silver dollar) demand	2.227	2.220	2.239	2.225	2.232	2.257					
Shanghai (silver dollar) demand	0.612	0.580	0.574	0.560	0.785	0.762					
India (rupee) demand	3.027	3.027	3.027	3.027	3.040	3.035					
Japan (yen) demand	2.243	2.243	2.243	2.243	2.260	2.260					
Philippines (peso)	4.978	4.978	4.978	4.978	4.984	4.984					
Straits Settlements (Straits dollar)	4.751	4.751	4.751	4.751	4.751	4.751					
Australia (pound)	3.234	3.22%	3.23%	3.23%	3.22%	3.21%	3.17				
Up. S. Africa (pound)	4.03	4.02%	4.03%	4.02%	4.03%	4.03%	3.95%				

5 FOREIGN EXCHANGE RATES DAILY

(Cable transfer rates, except as noted; for currency units see Foreign Exchange Rates Weekly)

Oct. 11.	Oct. 10.	Oct. 9.	Oct. 8.	Oct. 7.
United Kingdom: High	\$4.04	\$4.04	\$4.04	\$4.04
Low	4.03%	4.03%	4.03%	4.03%
Last	4.03%	4.03%	4.04	4.04
Italy: High	.0505	.0505	.0505	.0505
Low	.0505	.0505	.0505	.0505
Lact	.0505	.0505	.0505	.0505
Sweden: High	2.384	2.385	2.385	2.385
Low	2.383	2.382	2.383	2.380
Last	2.383	2.383	2.383	2.383
Canada, demand rate: High	.8656	.8638	.8650	.8700
Low	.8625	.8593	.8638	.8638
Last	.8638	.8625	.8638	.8650
Japan, closing	.2348	.2348	.2348	.2348
Argentina, closing, free market	.2360	.2355	.2356	.2350
Total U. S.	252	258	279	
Geographical Divisions:				
New England	30	17	26	
Middle Atlantic	107	114		
East North Cent.	47	48	62	
West North Cent.	14	12	13	
South Atlantic	22	7	26	
East South Cent.	4	9	2	
West South Cent.	5	7	6	
Mountain	2	3	6	
Pacific	25	45	25	
Total U. S.	252	258	279	
Heavy melting, aver. of daily quotations	\$21.65	\$21.05	\$23.69	

7 SILVER PRICES

Week Ended	London	New York		
Week Ended	High	Low	High	Low

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38
DEPARTMENT STORE SALES
AND STOCKS (4)
(1923-25 = 100)

	Unadjusted for Sea- sonal Variation.	Adjusted for Sea- sonal Variation.	Unadjusted for Sea- sonal Variation.	Adjusted for Sea- sonal Variation.
1938. Sales.	71	78	65	62
May	80	75	65	62
June	79	65	62	68
July	58	61	63	67
Aug.	65	65	63	67
Sept.	91	70	86	67
Oct.	92	74	84	67
Nov.	99	78	89	67
Dec.	156	62	89	66
1939.				
Jan.	60	88	67	67
Feb.	69	87	68	68
Mar.	82	88	68	68
Apr.	88	88	67	67
May.	87	88	66	66
June.	83	64	86	67
July.	60	60	86	67
Aug.	69	89	68	68
Sept.	97	71	91	68
Oct.	99	77	90	69
Nov.	106	82	95	71
Dec.	168	64	96	68
1940.				
Jan.	71	61	92	68
Feb.	71	68	89	71
Mar.	86	89	70	70
Apr.	86	71	89	69
May.	89	70	87	67
June.	87	70	87	67
July.	64	61	91	68
Aug.	77	96	99	68
Sept.	103	97	..	..

39
DEPARTMENT STORE SALES BY FEDERAL RESERVE DISTRICTS
(Adjusted for seasonal variation; 1923-25 = 100)

	Bos- ton	New- York	Phi- lia	Chi- cago	Min- neapolis	Kan- sas	San- Francisco
1938.	76	86	65	82	108	82	95
April	67	76	58	73	90	103	76
May	74	88	62	76	106	104	81
June	66	87	64	80	102	98	82
July	75	86	63	78	106	113	75
August	71	91	68	86	104	115	92
September	74	85	65	83	108	111	85
October	78	91	70	89	110	118	95
November	79	92	74	92	114	123	96
December	79	92	74	92	114	123	96
1939.							
January	72	87	67	88	108	118	88
February	74	88	69	88	108	113	87
March	75	90	72	90	110	121	96
April	73	86	66	86	101	119	84
May	74	88	68	84	108	116	86
June	76	90	64	85	105	124	88
July	72	89	66	89	106	122	84
August	75	90	66	90	111	130	89
September	82	93	74	92	121	128	98
October	74	92	69	93	111	126	93
November	80	99	80	100	131	137	103
December	80	96	77	100	118	134	99
1940.							
January	73	94	72	92	119	124	96
February	69	84	71	91	121	130	93
March	65	85	74	90	105	135	92
April	68	88	68	87	107	118	90
May	70	88	75	90	116	131	91
June	70	93	77	97	110	120	92
July	70	96	73	93	124	129	90
August	76	103	82	103	139	119	99
September	70	99	76	103	127	125	99

40
WHOLESALE AUTOMOBILE
SALES BY GENERAL MOTORS

(To General Motors dealers in the United States and Canada, plus exports)	
1940.	1939.
Jan.	181,088
Feb.	174,572
Mar.	193,522
Apr.	196,747
May	185,548
June	167,310
July	110,658
Aug.	24,019
Sept.	124,692
Oct.	144,350
Nov.	200,071
Dec.	207,637
Tot.	1,542,776
	1,08,007
	1,928,781

41
DOMESTIC AUTOMOBILE SALES
BY GENERAL MOTORS TO CON-
SUMERS AND DEALERS

To Consumers	To Dealers
1940.	1939.
Jan.	120,809
Feb.	123,874
Mar.	174,625
Apr.	183,481
May	165,820
June	173,212
July	145,064
Aug.	100,782
Sept.	97,257
Oct.	110,471
Nov.	162,881
Dec.	156,008
Tot.	1,364,781
	1,364,426

SOURCES OF DATA

(1) Railway Age. (2) Commercial and Financial Chronicle. (3) The F. W. Dodge Corporation. (4) Federal Reserve Board. (5) United States Department of Commerce. (6) United States Department of Labor. (7) Edison Electric Institute. (8) The Iron Age. (9) American Institute of Steel Construction. (10) Ward's Automotive Reports, Inc. (11) Dun & Bradstreet's. (12) Federal Power Commission. (13) The Wall Street Journal. (14) Engineering News-Record. (15) American Bureau of Metal Statistics. (16) American Iron and Steel Institute. (17) Abertawh Company. (18) American Petroleum Institute. (19) Association of American Railroads. (20) United States Department of Interior. (21) Commodity Exchange, Inc. (22) National Industrial Conference Board. (23) American Metal Market. (24) Federal Reserve Bank of New York. (25) American Zinc Institute. (26) Association of Life Insurance Presidents. (27) Bureau of Railway Economics. (28) Interstate Commerce Commission. (29) Rubber Manufacturers Association. (30) Bureau of Agricultural Economics. (31) American Appraisal Company. (32) Copper Institute. (33) New England Council. (34) National Machine Tool Builders Association. (35) Textile Economics Bureau, Inc.

Stock and Bond Market Averages and Volume of Trading

The Annalist Weighted Averages of Group Leaders

	Oct. 10	Oct. 11	Oct. 14	Oct. 15	Oct. 16
	Cal. Wks.	Range.	High. Low.	High. Low.	High. Low.
27 Stocks	41.2	40.8	41.0	41.2	41.4
74 Industrials	137.3	135.9	136.6	137.8	137.1
4 Steels	34.6	34.3	34.4	34.6	34.8
4 Motors	65.9	65.4	65.6	66.6	67.1
5 Motor accessories	37.1	36.6	36.7	37.4	37.7
5 Aircraft	38.1	37.4	37.8	38.1	37.8
3 Building	32.1	31.6	31.9	33.5	32.3
4 Chemicals	126.1	125.4	127.7	128.6	129.0
4 Nonferrous metals	37.4	36.8	37.0	37.8	38.6
4 Foods	31.0	30.7	31.0	30.8	31.4
3 Tobaccos	67.0	67.0	67.0	66.4	66.4
3 Sugars	17.7	17.4	17.6	17.7	17.8
2 Electrical equipments	54.3	53.8	53.8	54.1	54.1
4 Farm equipments	41.8	41.6	41.8	41.8	42.0
4 Railroad equipments	22.4	21.8	21.9	22.1	22.8
4 Amusement	12.4	12.1	12.5	12.1	12.6
5 Merchandise	48.2	47.8	47.9	48.2	47.6
3 Rubber and tires	24.0	23.4	24.0	23.7	23.7
2 Liquor	19.0	18.8	18.8	19.1	19.1
4 Standard Oils	18.1	17.7	17.9	18.1	17.7
4 Independent oils	38.0	37.6	37.9	38.2	37.7
8 Oils	56.1	55.3	55.8	56.3	56.1
10 Rails	24.1	23.7	23.8	24.1	23.9
5 Air transport	18.6	18.1	18.8	18.4	18.6
8 Utilities	18.4	18.2	18.2	18.1	18.7

The New York Times Stock Market Averages WEEKLY HIGH, LOW AND LAST

Week Ended:	25 Rails	25 Industrials	50 Stocks						
1940.	High. Low.	Last.	High. Low.						
July 27.	19.50	19.17	19.43	160.82	159.63	160.28	90.14	89.40	88.85
Aug. 3.	20.08	19.41	18.82	167.43	166.07	166.57	93.64	89.74	93.19
Aug. 10.	19.82	19.57	19.77	166.61	162.99	165.13	93.21	91.29	92.45
Aug. 17.	20.15	19.29	19.44	165.87	159.18	160.33	93.51	88.23	92.88
Aug. 24.	20.12	19.42	19.90	166.26	160.54	164.28	93.19	89.98	92.20
Aug. 31.	20.66	19.83	20.63	168.77	162.92	165.17	91.68	90.40	97.38
Sept. 7.	21.93	20.63	21.61	174.42	166.21	167.63	96.08	93.43	94.86
Sept. 14.	21.07	20.26	20.50	174.21	166.92	166.96	96.43	94.18	95.85
Sept. 21.	20.65	20.98	21.20	172.30	168.69	172.71	96.64	94.67	95.98
Sept. 28.	21.05	20.20	21.06	176.32	171.75	172.87	99.93	96.27	96.96
Oct. 5.	21.95	21.03	21.60	178.44	173.29	175.95	100.19	97.16	98.77
Oct. 12.	21.62	20.96	21.17	176.30	171.09	174.04	98.96	95.63	96.10

DAILY HIGH, LOW AND LAST

Oct. 10.	131.22	130.09	130.39	28.84	28.56	28.60	21.57	2

Stock Transactions—New York Stock Exchange

For Week Ended Saturday, Oct. 12.

Bid and Asked Quotations on Oct. 12 for Issues Not Traded In

— 110 —

Saturday, Oct. 12

Stock Transactions—New York Stock Exchange—Continued

For Calendar Week Ended—

Saturday, Oct. 12

Stock Transactions—New York Stock Exchange—Continued

For Calendar Week Ended—

For Calendar Week Ended—

Stock Transactions—New York Stock Exchange—Continued

Saturday, Oct. 12

1938	1939			1940			Range			Stocks and Bonds and Ticker Abbreviations			Shs Listed			Last Dividend			Stocks and Bonds and Ticker Abbreviations			Shs Listed			Last Dividend						
	High	Low	Close	High	Low	Close	Wk's Par Share	Wk's Rate	Wk's Div.	High	Low	Close	Wk's Par Share	Wk's Rate	Wk's Div.	High	Low	Close	Wk's Par Share	Wk's Rate	Wk's Div.	High	Low	Close	Wk's Par Share	Wk's Rate	Wk's Div.				
185	15	13	14	37	37	37	7.75	4.50	3.50	41	9.10	10.00	11.00	Q	6	8.66	4.22	31/2	31	31	31	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
109	1	1	1	3	1	1	7.75	4.50	3.50	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
53	1	1	1	3	1	1	7.75	4.50	3.50	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
28	5	4	5	17	17	17	8.15	4.15	2.50	3	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10		
19	15	14	15	17	17	17	8.15	4.15	2.50	1	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	
67	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
15	18	18	18	21	21	21	8.15	4.15	2.50	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
98	77	66	83	83	83	83	8.15	4.15	2.50	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
189	8	25	109	95	95	95	9.50	5.00	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
38	28	34	34	34	34	34	10.75	5.25	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
6	31	34	34	34	34	34	10.75	5.25	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
132	54	81	81	81	81	81	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
109	46	66	66	66	66	66	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
70	41	66	66	66	66	66	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
152	77	88	88	88	88	88	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
907	57	94	94	94	94	94	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
152	77	88	88	88	88	88	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
227	17	18	18	18	18	18	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
92	22	22	22	22	22	22	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
144	16	35	35	35	35	35	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
701	41	72	72	72	72	72	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
152	77	88	88	88	88	88	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
907	57	94	94	94	94	94	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
152	77	88	88	88	88	88	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
227	17	18	18	18	18	18	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
92	22	22	22	22	22	22	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
144	16	35	35	35	35	35	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
701	41	72	72	72	72	72	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
152	77	88	88	88	88	88	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
907	57	94	94	94	94	94	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
152	77	88	88	88	88	88	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
227	17	18	18	18	18	18	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
92	22	22	22	22	22	22	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
144	16	35	35	35	35	35	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
701	41	72	72	72	72	72	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
152	77	88	88	88	88	88	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
907	57	94	94	94	94	94	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
152	77	88	88	88	88	88	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
227	17	18	18	18	18	18	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
92	22	22	22	22	22	22	11.00	5.50	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
144	16	35	35	35	35	35	11.00	5.																							

Bond Transactions—New York Stock Exchange—Continued

1940 Range.		Sales in 1000s.				Net				1940 Range.		Sales in 1000s.				Net				1940 Range.		Sales in 1000s.				Net								
High.	Low.	High.	Low.	Last.	Chge.	High.	Low.	Last.	Chge.	High.	Low.	High.	Low.	Last.	Chge.	High.	Low.	High.	Low.	Last.	Chge.	High.	Low.	High.	Low.	Last.	Chge.							
60%	35	N Y C 4 1/2s 2013 A	.....	556	60%	57%	58%	—	—1%	105%	105	San Ant Pb 4s 63	2	105%	105	105	105	—	—	105%	105	105	105	105	105	105	105	105	105	105	105	105	105
51%	34%	N Y C 4 1/2s 45 95	113	65%	63	63	—	—1%	111%	107%	San Diego G&E 4s 65	5	107%	107	107	107	—	—	106%	106	106	106	106	106	106	106	106	106	106	106	106	106	106
51%	34%	N Y C 4 1/2s 34 65	71	91%	89	89	—	—1%	33	21	Schulze 6 1/2s 46	1	4%	4%	4%	4%	—	—	88%	88	88	88	88	88	88	88	88	88	88	88	88	88	88
64%	42%	NYC & H 4s 52	132	92%	90	90	—	—1%	33	2%	Scab AL cn 45	124	5	4%	4%	4%	—	—	89%	89	89	89	89	89	89	89	89	89	89	89	89	89	89
98%	85%	NYC & H 4s 42	132	92%	90	90	—	—1%	7%	3	Scab AL cn 45 ct	12	4%	4%	4%	4%	—	—	95%	95	95	95	95	95	95	95	95	95	95	95	95	95	95
85%	68%	NYC & H 37s 97 reg	44	84%	83	83	—	—1%	152%	61	Scab AL cn 50 ct	1	4%	4%	4%	4%	—	—	96%	96	96	96	96	96	96	96	96	96	96	96	96	96	96
66%	53%	NYC & H 37s 97	2	80%	80	80	—	—1%	4	1%	Scab-All Fl 4s 50 A ct	6	2%	2%	2%	2%	—	—	96%	96	96	96	96	96	96	96	96	96	96	96	96	96	96
61%	48%	NYC Mi Cen 31s 95	14	61%	59	59	—	—1%	98	93	Sheff U 2 1/2s 54	36	3%	3%	3%	3%	—	—	96%	96	96	96	96	96	96	96	96	96	96	96	96	96	96
90%	79%	NYC & St 84 6s 41	140	89%	88	88	—	—1%	98	93	Sheff U 2 1/2s 54	57	9%	97%	97%	97%	—	—	96%	96	96	96	96	96	96	96	96	96	96	96	96	96	96
72%	45%	NYC & St 84 6s 41 A	140	89%	88	88	—	—1%	28	3	Silberman-Am 7s 41	45	4%	45	45	45	—	—	96%	96	96	96	96	96	96	96	96	96	96	96	96	96	96
61%	38%	NYC & St 84 6s 75	.....	243	61%	59	59	—	—1%	129%	94	Silberman-Am 7s 41	102%	102%	102%	102%	—	—	96%	96	96	96	96	96	96	96	96	96	96	96	96	96	96
87%	73%	NYC & St 84 6s 46	13	87%	85	85	—	—1%	50%	30	Son Fac 4 1/2s 65	32	4%	4%	4%	4%	—	—	96%	96	96	96	96	96	96	96	96	96	96	96	96	96	96
90%	80%	NYC & St 31s 47	.....	14	89%	89	89	—	—1%	105%	105	Son Fac 4 1/2s 65	102%	102%	102%	102%	—	—	96%	96	96	96	96	96	96	96	96	96	96	96	96	96	96
107%	101%	NY Conn RR 4s 53	.....	32	106%	106	106	—	—1%	110%	104	Son Bell T&T 5s 62	110%	110%	110%	110%	—	—	96%	96	96	96	96	96	96	96	96	96	96	96	96	96	96
57%	46%	NY Dock cv 34s 47	1	51%	51	51	—	—1%	109%	104	Son Bell T&T 5s 78	35	10%	105%	105%	105%	—	—	96%	96	96	96	96	96	96	96	96	96	96	96	96	96	96
60%	46%	NY Dock Co 4s 51	19	53%	53	53	—	—1%	106%	101	Son Col Pow 6s 47	104	10%	104%	104%	104%	—	—	96%	96	96	96	96	96	96	96	96	96	96	96	96	96	96
110%	100%	NY Dock Co 4s 65	.....	17	108%	108	108	—	—1%	102%	97%	Son Kraft 4 1/2s 48	102%	102%	102%	102%	—	—	96%	96	96	96	96	96	96	96	96	96	96	96	96	96	96
64%	50%	NY Lack & W 7s 73	.....	6	55%	54	54	—	—1%	107%	104	Son Kraft 4 1/2s 48	106%	106%	106%	106%	—	—	96%	96	96	96	96	96	96	96	96	96	96	96	96	96	96
88%	79%	NY L E & W Coal 54s 42	.....	5	88%	88	88	—	—1%	105%	104	Son Kraft 4 1/2s 48	106%	106%	106%	106%	—	—	96%	96	96	96	96	96	96	96	96	96	96	96	96	96	96
24%	12%	NY N H & C 6s 48	.....	1131	18%	17%	17%	—	—1%	105%	104	Son Kraft 4 1/2s 48	102%	102%	102%	102%	—	—	96%	96	96	96	96	96	96	96	96	96	96	96	96	96	96
38%	19%	NY N H & H clt 6s 40	.....	20	28%	27	27	—	—1%	105%	104	Son Kraft 4 1/2s 48	102%	102%	102%	102%	—	—	96%	96	96	96	96	96	96	96	96	96	96	96	96	96	96
23%	12%	NY N H & H 4s 67	.....	17	84%	17%	17%	—	—1%	105%	104	Son Kraft 4 1/2s 48	102%	102%	102%	102%	—	—	96%	96	96	96	96	96	96	96	96	96	96	96	96	96	96
20%	11%	NY N H A H 4s 55	.....	21	15%	14	14	—	—1%	105%	104	Son Kraft 4 1/2s 48	102%	102%	102%	102%	—	—	96%	96	96	96	96	96	96	96	96	96	96	96	96	96	96
64%	27%	NY N H & H 4s 47	.....	15	14%	14	14	—	—1%	105%	104	Son Kraft 4 1/2s 48	102%	102%	102%	102%	—	—	96%	96	96	96	96	96	96	96	96	96	96	96	96	96	96
10%	10%	NY N H & H 34s 54	.....	4	15%	14	14	—	—1%	105%	104	Son Kraft 4 1/2s 48	102%	102%	102%	102%	—	—	96%	96	96	96	96	96	96	96	96	96	96	96	96	96	96
20%	10%	NY N H & H 34s 56	.....	8	12%	11	11	—	—1%	105%	104	Son Kraft 4 1/2s 48	102%	102%	102%	102%	—	—	96%	96	96	96	96	96	96	96	96	96	96	96	96	96	96
112%	107%	Ning Falls P 34s 66	.....	1	110%	110%	110%	—	—1%	122%	12	T C I & R R 5s 51	126	12%	126	12%	—	—	96%	96	96	96	96	96	96	96	96	96	96	96	96	96	96
109%	107%	NL & P 5w 55 A	.....	1	108%	108	108	—	—1%	115%	111	T C I & R R 5s 51	113%	113%	113%	113%	—	—	96%	96	96	96	96	96	96	96	96	96	96	96	96	96	96
109%	104%	Niagara St cv 54s 50	.....	1	104%	104	104	—	—1%	111%	104	T C I & R R 5s 51	111%	111%	111%	111%	—	—	96%	96	96	96	96	96	96	96	96	96	96	96	96	96	96
11%	7%	Niagara St & 61 A	.....	1	104%	104	104	—	—1%	111%	104	T C I & R R 5s 51	111%	111%	111%	111%	—	—	96%	96	96	96	96	96	96	96	96	96	96	96	96	96	96
12%	12%	Niagara St & 61 rgn ct	.....	1	104%	104	104	—	—1%	111%	104	T C I & R R 5s 51	111%	111%	111%	111%	—	—	96%	96	96	96	96	96	96	96	96	96	96	96	96	96	96
125%	117%	Niagara St & 61 rgn ct	.....	1	104%	104	104	—	—1%	111%	104	T C I & R R 5s 51	111%	111%	111%	111%	—	—	96%	96	96	96	96	96	96	96	96	96	96	96	96	96	96
109%	90%	Ontario Tran St 45	.....	1	101%	101	101	—	—1%	104%	101</																						

Transactions on the New York Curb Exchange—Continued

Range 1940	Stock and Dividend	Net	High.	Low.	Last.	Chge.	Sales.	Range 1940	Stock and Dividend	Net	High.	Low.	Last.	Chge.	Sales.	Range 1940	Stock and Dividend	Net	High.	Low.	Last.	Chge.	Sales.
High.	Low.		High.	Low.	Last.	Chge.		High.	Low.		High.	Low.	Last.	Chge.		High.	Low.		High.	Low.	Last.	Chge.	
29 11% Fug S P&T (2 1/2e)	16	14	14	—	—	—	600	12% 5 Woolworth L (422e)	57	55	55	—	—	—	500	103% 100% N Ori F S 5a 42 st	4	101	101	101	—	—	
104 54 RWY & L S (30g)	65	65	65	—	—	—	100	6% 3 Wright Harg (40a)	4%	4%	4%	—	—	—	3,000	112% 113% N Y & West L 4a 54	1	115	115	115	—	—	
14 67 Raym Cone (1)	13	12	12	—	—	—	100	100% 102% N W & West L 4a 2004	10	100	100	100	100	100	100% 100% N Y S E & G 3 1/2% 64	1	105	105	105	—	—		
2% 4 Republic Avia	13	14	14	—	—	—	200	105% 104% N Y S E & G 3 1/2% 64 reg.	5	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	4	105	105	105	—	—		
124 124 Ricc S D Gds (1/2e)	148	148	148	—	—	—	3,000	105% 104% N Y S E & G 3 1/2% 64 reg.	4	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
29 12 Richmond Rad	19	19	19	—	—	—	200	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
124 6 Rome Cable (40e)	10	9	9	—	—	—	500	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
65 42 Royal Type (5e)	62	62	62	—	—	—	50	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
5 41 Ryan Aers	45	41	41	—	—	—	100	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
2% 12 Ryan Cons Pet	25	25	25	—	—	—	700	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
2% 12 Ryerson & Hayes	1	1	1	—	—	—	500	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
4% 24 ST REGIS PAP	27	25	25	—	—	—	1,600	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
81 48 2 Salt Dome Oil	72	68	68	—	—	—	225	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
9% 3 Salt Dome Oil	37	35	35	—	—	—	400	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
34 22 Scovill Mfg (3/2e)	28	28	28	—	—	—	700	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
104 4 Scullins Stl	95	95	95	—	—	—	1,000	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
11% 4 Scullins Stl War	95	95	95	—	—	—	1,000	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
2% 32 Seag Locomotive Rub	45	45	45	—	—	—	1,000	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
11% 87 Seb Shoe (5/2e)	94	94	94	—	—	—	100	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
6% 24 Selected Indus	95	95	95	—	—	—	400	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
60 37 Sel I (al ct) (5/2e)	3	3	3	—	—	—	200	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
50% 35 Sel Ind Ind (5/2e)	45	42	42	—	—	—	200	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
100% 34 Sel Ind Ind (5/2e)	45	42	42	—	—	—	200	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
100% 34 Sel Ind Ind (5/2e)	45	42	42	—	—	—	200	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
100% 34 Sel Ind Ind (5/2e)	45	42	42	—	—	—	200	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
100% 34 Sel Ind Ind (5/2e)	45	42	42	—	—	—	200	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
100% 34 Sel Ind Ind (5/2e)	45	42	42	—	—	—	200	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
100% 34 Sel Ind Ind (5/2e)	45	42	42	—	—	—	200	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
100% 34 Sel Ind Ind (5/2e)	45	42	42	—	—	—	200	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
100% 34 Sel Ind Ind (5/2e)	45	42	42	—	—	—	200	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
100% 34 Sel Ind Ind (5/2e)	45	42	42	—	—	—	200	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
100% 34 Sel Ind Ind (5/2e)	45	42	42	—	—	—	200	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
100% 34 Sel Ind Ind (5/2e)	45	42	42	—	—	—	200	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
100% 34 Sel Ind Ind (5/2e)	45	42	42	—	—	—	200	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
100% 34 Sel Ind Ind (5/2e)	45	42	42	—	—	—	200	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
100% 34 Sel Ind Ind (5/2e)	45	42	42	—	—	—	200	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
100% 34 Sel Ind Ind (5/2e)	45	42	42	—	—	—	200	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
100% 34 Sel Ind Ind (5/2e)	45	42	42	—	—	—	200	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
100% 34 Sel Ind Ind (5/2e)	45	42	42	—	—	—	200	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
100% 34 Sel Ind Ind (5/2e)	45	42	42	—	—	—	200	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	105	105	105% 104% N Y S E & G 3 1/2% 64 reg.	1	105	105	105	—	—		
100% 34 Sel Ind Ind (5/2e)	45	42	42	—</																			

Banking Statistics—Brokers' Loans—Gold Reserves

Statement of the Federal Reserve Banks

(Thousands)

ASSETS	Combined Federal Res. Banks			N. Y. Federal Res. Bank		
	Oct. 9, 1940.	Oct. 2, 1940.	Oct. 11, 1939.	Oct. 9, 1940.	Oct. 2, 1940.	Oct. 11, 1939.
Gold certificates on hand and due from United States Treasury	\$19,032,300	\$18,953,303	\$14,725,715	\$9,249,309	\$9,249,490	\$7,052,463
Redemption fund—Federal Reserve notes	11,381	11,789	8,987	1,522	1,788	1,660
Other cash	319,347	327,977	315,194	88,883	83,741	79,766
Total reserves	\$19,363,028	\$19,293,069	\$15,049,896	\$9,339,714	\$9,335,019	\$7,133,889
Bills discounted:						
Secured by United States Government obligations, direct and guaranteed	3,370	1,349	1,331	2,744	714	286
Other bills discounted	4,615	4,298	5,183	3,195	2,949	2,262
Total bills discounted	\$7,985	\$5,647	\$6,514	\$5,939	\$3,663	\$2,548
Bills bought in open market						
Industrial advances	8,400	8,375	11,803	1,781	1,781	1,989
U. S. Govt. securities, direct and guaranteed:						
Bonds	1,400,100	1,318,600	1,315,942	423,467	399,763	417,506
Notes	999,000	1,105,000	1,245,497	302,153	335,004	395,158
Bills			203,457			64,550
Total United States Government securities, direct and guaranteed	\$2,399,100	\$2,423,600	\$2,764,896	\$725,620	\$734,767	\$877,214
Total bills and securities	\$2,415,485	\$2,437,622	\$2,783,711	\$733,340	\$740,211	\$881,924
Due from foreign banks	47	47	225	17	17	116
Federal Reserve notes of other banks	20,573	22,149	20,836	2,543	1,854	5,290
Uncollected items	689,084	768,046	667,636	155,694	184,989	156,452
Bank premises	41,259	41,257	42,082	9,750	9,750	8,908
Other assets	54,893	54,679	71,118	16,048	15,892	22,534
Total assets	\$22,584,369	\$22,616,869	\$18,635,504	\$10,257,106	\$10,287,732	\$8,209,113
LIABILITIES						
Federal Reserve notes in actual circulation	\$5,479,364	\$5,464,238	\$4,757,512	\$1,458,801	\$1,466,079	\$1,199,211
Deposits:						
Member bank—Reserve account	13,927,014	13,800,205	11,739,156	7,350,063	7,277,233	6,314,981
United States Treasurer—General account	579,053	678,060	403,535	179,226	233,485	77,338
Foreign	1,066,401	1,045,458	444,207	581,079	588,914	156,940
Other deposits	517,853	541,066	297,400	412,208	434,063	197,361
Total deposits	\$16,080,321	\$16,064,789	\$12,584,298	\$8,532,566	\$8,533,685	\$6,746,621
Deferred availability items	650,124	723,391	641,620	139,876	162,477	142,158
Other liabilities, including accrued dividends	3,874	3,441	4,371	1,041	874	1,344
Total liabilities	\$22,222,683	\$22,255,859	\$18,288,101	\$10,132,284	\$10,163,115	\$8,089,334
CAPITAL ACCOUNTS						
Capital paid in	\$137,641	\$137,632	\$135,561	\$51,052	\$51,051	\$50,911
Surplus (Section 7)	151,720	151,720	149,152	53,326	53,326	52,463
Surplus (Section 13b)	26,839	26,839	27,264	7,109	7,109	7,457
Other capital accounts	45,486	44,819	35,426	13,335	13,131	8,948
Total liabilities and capital accounts	\$22,584,369	\$22,616,869	\$18,635,504	\$10,257,106	\$10,287,732	\$8,209,113
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	89.8%	89.6%	85.3%	93.5%	93.4%	89.8%
Contingent liability on bills purchased for foreign correspondents				\$101		\$36
Commitments to make industrial advances	\$7,598	\$7,583	10,328	\$728	\$728	1,898

Condition of Federal Reserve Banks

At Close of Business Oct. 9, 1940

(Thousands)

District	Total	Total Bills	Total U. S. F. R. Notes	Due Members
	Reserve	Discounted	Secur.	In Circul'n. Res. Account
Boston	\$1,204,383	\$5,929	\$171,447	\$545,388
New York	9,329,714	525,620	1,458,801	\$524,209
Philadelphia	998,642	269	201,706	376,547
Cleveland	1,278,436	215	240,754	502,077
Richmond	532,415	72	124,228	253,404
Atlanta	370,784	154	91,093	176,523
Chicago	2,979,935	111	270,942	1,174,800
St. Louis	480,153	86	100,870	203,729
Minneapolis	309,044	135	66,882	151,671
Kansas City	427,966	413	113,956	197,398
Dallas	279,110	465	91,390	89,112
San Francisco	1,162,446	126	200,212	449,934

Statement of Member Banks

(Principal resources and liabilities of reporting member banks in 101 leading cities; millions of dollars)

All Reporting—Chicago—New York City—

LOANS—	Oct. 9, 1940.	Oct. 2, 1940.	Oct. 9, 1939.	Oct. 2, 1940.	Oct. 9, 1939.
Business*	4,672	4,630	4,288	441	432
Open market	299	297	314	22	22
Stock Market:				19	19
Brokers	409	446	530	26	27
Other	462	460	504	58	59
Total	871	906	1,034	84	86
Real estate	1,221	1,220	1,182	19	18
Banks	39	41	37	5	5
Other	1,688	1,691	1,549	64	65
Total loans	8,800	8,785	8,408	630	623
INVESTMENTS—					
Treasury bills	662	628	553	245	250
Treasury notes	1,814	2,112	2,128	135	177
U. S. bonds	6,796	6,540	5,878	762	713
Govt. guaranteed	2,586	2,582	2,240	104	104
Other securities	3,669	3,682	3,361	354	326
Total invest.	15,527	15,544	14,160	1,600	1,597
Total loans and investments	24,327	24,329	22,568	2,230	2,099
Res. with F. R. B.	11,770	11,646	9,879	1,274	1,281
Cash in vault	511	485	489	42	42
Bal. with dom. bks.	3,244	3,307	3,037	272	267
Other assets, net	44	44	44	49	336
Demand deposits adj.	21,238	21,152	18,451	1,978	1,788
Time deposits	5,353	5,359	5,242	506	506
Government deposits	529	530	538	94	94
Interbank deposits:					
Domestic banks	8,719	8,734	7,811	1,001	1,001
Foreign banks	691	678	791	7	7
Borrowings	3	1	1	15	14
Other liabilities				15	29
Capital account				261	266

*Officially designated "Commercial, Industrial and agricultural loans."

MONEY RATES IN NEW YORK CITY WEEKLY

	Time	Loans	Prime	Bankers' Acceptances
	30-90 Days	4-8 Months	4-8 Months	190 Days
	\$Daily	Daily	Daily	Daily
1940.	High. Low. Av.	High. Low. Av.	High. Low. Av.	High. Low. Av.
Aug. 17.	1 1	1.00 12	1.25 14	1.25 14
Aug. 24.	1 1	1.00 12	1.25 14	1.25 14
Aug. 31.	1 1	1.00 12	1.25 14	1.25 14
Sept. 7.	1 1	1.00 12	1.25 14	1.25 14
Sept. 14.	1 1	1.00 12	1.25 14	1.25 14
Sept. 21.	1 1	1.00 12	1.25 14	1.25 14
Sept. 28.	1 1	1.00 12	1.25 14	1.25 14
Oct. 5.	1 1	1.00 12	1.25 14	1.25 14
Oct. 12.	1 1	1.00 12	1.25 14	1.25 14

*New York Stock Exchange. ¹Asked rate. ²Average of renewal rate.

1 Best names. 2 Asked.

DEBITS TO INDIVIDUAL ACCOUNTS BY BANKS IN REPORTING CENTERS WEEKLY

(Millions of dollars. Data for New York City and 140 other leading centers available since 1919)

	Week Ended	13 Weeks Ended
Federal Reserve District:		
Boston	Oct. 9, 1940.	Oct. 11, 1939.
New York	3,254	4,171
Philadelphia	422	44,377
Cleveland	518	7,553
Richmond	330	3,993
Atlanta	252	2,177
St. Louis	254	3,034
Minneapolis	158	2,084
Kansas City	246	3,388
Dallas	196	2,529
San Francisco	666	8,743
Total, 274 reporting centers	7,895	102,408
New York City	2,798	37,976
140 other leading centers	4,212	53,532
133 other centers	680	8,904

REICHSBANK

(Millions of Reichsmarks; as reported in cables)

Sept. 23, Sept. 7, Sept. 23, 1940. 1939.

Gold and foreign exchange

Exchange

Bank rate

Bank

YOU NEVER SEE HIM—BUT HIS EXTRA SKILL FLIES WITH YOU EVERY MILE!

WILLIAM H. MILLER—Flight Supt., American Airlines



I'D WALK A MILE
FOR THE **EXTRAS** IN A SLOW-
BURNING CAMEL. CAMELS ARE
EXTRA MILD, BUT THE FLAVOR'S
ALL THERE — **EXTRA FLAVOR**

THE ARMCHAIR above is his cockpit—but Bill Miller flies as many as 100 planes a day. North, south, east, and west from New York's LaGuardia Field (air view upper right) his radio control-room directs the flying course of American's flagships.

Flier, navigator, engineer, traffic executive all in one—yes, flight superintendent Bill Miller is a man with the extras—a man who gets the smoking extras, too... in Camels.

For Camel's costlier tobaccos and slower way of burning give you more than mildness—they give you extra mildness and coolness with a flavor that holds its appeal right through the last extra puff. Camels also give you extra smoking per pack (see right).

GET THE "EXTRAS" WITH SLOWER-BURNING

CAMELS

EXTRA FLAVOR

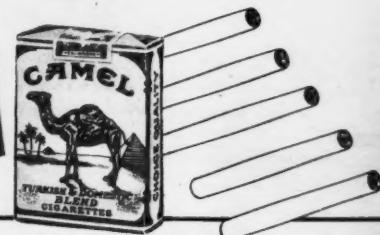
Copr., 1940, R. J. Reynolds
Tob. Co., Winston-Salem, N. C.

EXTRA MILDNESS

EXTRA COOLNESS

● In recent laboratory tests, CAMELS burned 25% slower than the average of the 15 other of the largest-selling brands tested — slower than *any* of them. That means, on the average, a smoking *plus* equal to

**5 EXTRA SMOKES
PER PACK!**



THE CIGARETTE OF COSTLIER TOBACCO

OCT 17

17 1940